FINANCIAL TIMES

No. 26,696 Thursday June 19 1975 **10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.93; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.30; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Ptas.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL

Rees's Bill to curb terror

Procedures for arresting and detaining terrorists in Northern Ireland are changed fundamentally by a Bill published yesterday by Mr. Merlyn Rees, the Ulster Secretary.

The major purpose of the Bill, which had its First Reading yesterday and will have its Second next week, is to speed detention procedures while giving suspected people greater *safeguards* once they are arrested.

Two *new offences* have been created to strengthen the fight against terrorism. All disguises are outlawed, and wearing a hood or mask in a public place "*without good reason*" will be an offence; it will be illegal to recruit for a proscribed organisation or to give or receive instruction in making arms or explosives.

Arms haul safe

The Army confirmed yesterday that *the arms stolen from* an Ulster Defence Regiment armoury at Magherafelt on Monday had been recovered from a farm effluent pit. They included over *100 rifles* and pistols, submachine guns and a machine-gun.

Prince dies for Faisal's murder

Prince Faisal bin Musaed, 27, was publicly beheaded in Riyadh yesterday for the murder of King Faisal, his uncle, whom he shot on March 25. The execution was a few hours after the announcement of *sentence*, but thousands watched it. Page 8

Envoy shot dead

Mali's Ambassador to Belgium, Mr. Aliounde Sissoko, was murdered in his office in Brussels. His secretary said the Ambassador's chauffeur followed *him in, shot him and then shot* himself dead.

MPs' pay snag

Lord Boyle's report backing rises in MPs' pay and allowances may not be published for some time because Mr. Wilson has not yet had time to study it.

Uganda trial

The trial resumed in *Uganda* of British businessman Stanley Smolen, charged with hoarding, which can carry the death penalty.

Lucan pictures

The Press Council rejected a complaint about publicity given Lord Lucan's children in a Daily Express picture after his disappearance in the wake of the Lucan nanny murder case.

Breast cancer aid

Dr. David Owen, Minister of State, Health, said large-scale trials were planned to screen women for breast cancer in *order to consider advantages* of forming a national screening service.

Hospital doctors have been asked to help double the number of kidneys available for transplant operations.

Smoking dogs free

Two "smoking beagles," the dogs given cigarettes to smoke for lung-cancer research, were "*rescued*" *from* the ICI laboratories at Alderly Park, Cheshire, by "a group of animal-lovers." ICI said it had reported the matter to the police.

Cricket grumble

Captains Mike Denness (England) and Ian Chappell (Australia) criticised the Headingley pitch for "uneven bounces" after Australia put England out for 93, and won their Prudential Cup semi-final by scoring 94 for 6. At the Oval, West Indies, chasing New Zealand's 158, won with 159 for 5. Trevor Bailey, Page 10

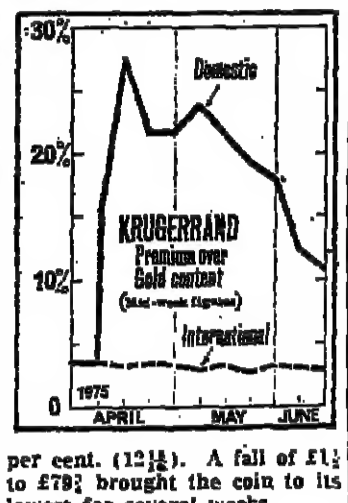
BUSINESS

Equities fall 4.6: £ up 10 points

● **EQUITIES** drifted down ahead of the outcome of the *rail pay talks. FT 30-share* Index closed at the day's low, with a fall of 4.6 to 326.0—a loss of 14.6 over the past three trading days. Gold Mines Index was up 8.7 at 378.7.

● **GILTS** eased a shade in shorts, with mediums and longs following suit. Government Securities Index was unchanged at 58.09.

● **GOLD** was down $\$1\frac{1}{4}$ at \$164. The Krugerrand fell further. *Premium over gold content in* domestic business was cut to $10\frac{1}{2}$



per cent. ($12\frac{1}{16}$). A fall of $£1\frac{1}{2}$ to $£79\frac{3}{4}$ brought the coin to its lowest for several weeks.

● **STERLING** weighted fall narrowed to 26.3 per cent. (26.5) and against the dollar rose 10 points to \$2.2730. Yen's weighted loss increased to 0.60 per cent. (0.38).

● **WALL STREET** was off 0.78 at 827.83 on turnover of 15.5m. shares (19.4m).

U.S. deficit cut to $475m.

● **U.S. BASIC** balance of payments showed a record swing from \$1.6bn. deficit in the last quarter of 1974 to a \$475m. deficit in the first quarter of this year.
Back Page

● **JAPANESE** motor industry will reject any proposals for voluntary control of its exports to the U.K., but plans to invite British motor industry leaders to Tokyo for talks on "mutual problems."
Page 4

● **CBI** Director-General Mr. Campbell Adamson, 52, is to resign next year. He has held the post since 1969.
Back Page

● **ICI** shut down its biggest manufacturing *complex because* of a pay strike and warned that virtually all the company's operations could be halted within weeks unless the dispute is settled. Back Page

● **FORD DAGENHAM** car output *resumes next Monday* after the two-month doorhangers' dispute was settled. The compromise was accepted by the men on the strength of a steward's casting vote. Page 12

● **SCOTTISH** miners lined up with the AUEW by rejecting the social contract at their annual conference in Inverness.
Page 12

● **FIRST** oil extracted from the U.K. sector of the North Sea came ashore at BP's Isle of Grain refinery.
Page 10

COMPANIES

● **GUINNESS SON** and Co. pre-tax profits were £11m. (£10.1m.) for the 24 weeks to March 15, on turnover of £140.6m. (£113m.).
Page 25 and Lex

● **WHITBREAD** pre-tax profit was down to £21.45m. (£26.16m.) for the year to March 1, on turnover of £339.79m. (£285.1m.).
Page 25 and Lex

● **TESCO STORES** (Holdings) *pre-tax profits fell to £23.25m.* (£24.56m.) in the year to February 22, on net sales of £500.79m. (£423.03m.).
Page 24

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated.)

RISES:

Treasury $3\frac{1}{2}$% 79-81	$£73\frac{1}{2}$	$+\frac{1}{2}$
British & Comm. Ship.	169	+ 8
Caledonia Invs.	152	+ 6
Dennis (James H.)	27	+ 4
Guinness (A.)	112	+ 6
Hall Engineering	175	+ 6
Marchwiel	82	+ 4
Sealed Motor	$43\frac{1}{2}$	+ 3
Sheffield Twist	$91\frac{1}{2}$	$+ 3\frac{1}{2}$
Sunley (B.)	142	+ 4
Unerman	38	+ 5
Weyburn Engineering	231	+ 17
Bishopsgate Plat.	106	+ 6
Blyvoor	970	+ 30
Great Boulder	82	+ 10
West Drie.	£49	$+ 1\frac{1}{2}$

FALLS:

Anderson Strathclyde	142	− 6
Avon Rubber	42	− 14
Beecham	284	− 9
Boots	237	− 5
Cavenham	127	− 7
Fisons	398	− 5
Glaxo	382	− 6
Johnson Matthey	268	− 5
Land Secs.	175	− 6
Lawrence (W.)	75	− 5
Lloyds Banks	245	− 10
Lonrho	132	− 8
MEPC	120	− 5
Nat. Westminster Bank	245	− 10
Prince of Wales Hotel	40	− 9
Smith (W. H.) "A"	388	− 6
Swan Hunter	68	− 4
Tate & Lyle	239	− 10
Tesco	$46\frac{1}{2}$	− 2
Shell Transport	313	− 4
Ultramar	205	− 5
Charter Cons.	170	− 6
Poseidon	355	− 15
Selection Trust	615	− 25

Wage rates jumped $3\frac{1}{2}$% in May, up 32% in 12 months

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

The Government's search for a revised incomes policy was given added urgency yesterday by the publication of statistics by the Department of Employment showing that wage rates in the U.K. jumped $3\frac{1}{2}$ per cent. during May, bringing the increase in the past 12 months to 32.6 per cent.

Three-quarters of the increase in the wages index was accounted for by the first stage of the new engineering workers' pay agreements—*the last stage of the* previous one having boosted the March index.

At the same time, the index for April has been revised upwards by 0.4 per cent.—reflecting the belated 30 per cent. plus settlement for electricity manual *workers and power engineers.*

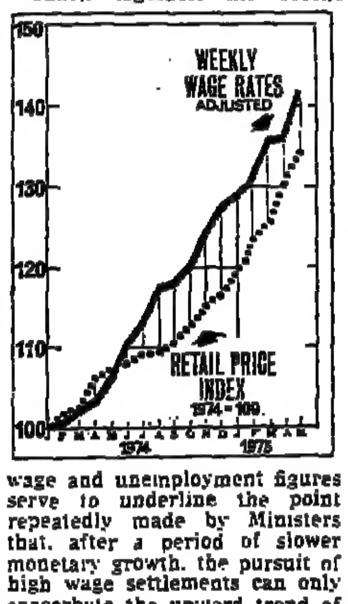
The indices for both April and May are certain to be revised upwards again later. One of the ironies of the present wage situation is that, as long as wage disputes like the railwayman's claim are not settled, their effect *on the index is delayed.*

While wage rates and pay claims and settlements continue in the 30 per cent. region, there are signs of some slowing down *in average earnings, as take-home* pay is affected by reduced overtime and the spread of short-time working in industry.

The annual rate of increase in *the seasonally adjusted index of* average earnings has been 19.3 per cent. and 26.1 per cent. during the last three months and six months respectively, and in April—the latest calculation available—the earnings index rose only 1 per cent.

It could be a mistake to place too much emphasis on these figures, however. The sharp increase in wage rates during May will have boosted the earnings index for the month, and the point about delayed settlements applies as much to the earnings index as to the basic rate figures. *Moreover, the year-on-year* increase in earnings, despite this apparent deceleration, is *still 30.5 per cent.*

Taken together, the recent



wage and unemployment figures serve to underline the point repeatedly made by Ministers that, after a period of slower monetary growth, the pursuit of high wage settlements can only exacerbate the upward trend of unemployment.

Following the 56,800 jump in the number of wholly unemployed (seasonally adjusted) in May, figures to be published by the Department of Employment later to-day are expected to show a similar trend.

While Mr. Healey, the Chancellor, waits to see what sort of incomes policy the TUC *can offer, official sources point* out that even a flat rate increase *of* £10 being suggested by "moderate" trade unionists is incompatible with the official target of halving the rate of inflation within 12 months.

Current calculations point to a *limit on flat rate increases* nearer to £6 if that target is to be reached. This, of course, depends on a number of assumptions, which include that the effect would not be offset by shorter hours and longer holidays.

While the Government is braced for a series of very large year-on-year increases in retail prices during the coming months —simply from what is known *about costs* in the pipeline—it appears to be somewhat embarrassed by criticism that halving the rate of inflation is not enough.

It is now being suggested in Whitehall that the aim is to reduce the rate of increase in *the retail price index to 10 per* cent. by September, 1976 and single figures by the end of 1976.

Wages and prices table, Page 9

. . . Scots miners tough line Page 12 . . . Why the social contract should die Page 23

TUC and CBI in key talks on inflation next week

BY JOHN ELLIOTT, LABOUR EDITOR

KEY TALKS involving the Government, the CBI and the TUC which will determine the next stage of efforts to work out a new policy for cutting inflation will take place early next week.

This follows a successful opening meeting last night between CBI and TUC leaders which is to be continued next Tuesday evening. Before that, on Monday morning, Government Ministers will meet TUC leaders mittee and then, on Wednesday, at the monthly meeting of the TUC-Labour Party liaison committee the TUC general council will consider what progress has been made.

No precise policy details were discussed at last night's meeting although both the CBI and TUC aired their different ideas. These included the TUC's view that the Government *should* be kept out of the talks and the CBI's *opinion* that this would not be possible because of the Government's role as a manager of the economy and the employer of the public sector.

But the main advance in the view of leaders of both *sides* of industry was that they had, after a gap of some three years, come together to discuss wages and inflation and that they both considered the other seriously aware of the urgency of the country's economic problems.

This was summed up after the two hours' of talks at the TUC's London headquarters when, in a break before a brief buffet supper, Mr. Len Murray, TUC *general secretary,* said: "Our common objectives are to help this country in its present economic situation. There is a great deal of common ground on the seriousness of the situation.

Mr. Campbell Adamson, CBI director-general, said: "We have had *sufficient talk to encourage* us to meet again next week."

Before next Tuesday evening—a date already fixed for a CBI-TUC dialogue on other less sensitive *subjects*—Mr. Murray and Mr. Adamson wil lorganise meetings between their economics and other specialist officials to prepare the ground for what could well turn out to be a much tougher bargaining session than last night'

One key issue to be considered is the speed at which the talks should proceed if common *detailed ground can be found on* Tuesday. CBI leaders are loth to leave any final policy decisions *till early September* when the annual TUC Congress meets—and when it will be faced with opposition to the social contract and any other forms of wage *curbs from the Amalgamated* Union of Engineering Workers and other Left-wingers.

They would rather finalise a policy much sooner—certainly *within the next month or so*—and this may create problems for the TUC whose general council meeting *next Wednesday will* give the AUEW its first chance to speak out against wage con*trols.*

Mr. Hugh Scanlon, AUEW *president, attended last night's* meeting, the first at the TUC since his union decided on Tuesday to abandon the social contract. Apart from a reference to the fact that he was sure those present were aware of his "difficulties," he raised no *opposition to what was discussed* and concentrated on probing as to how far the CBI should *respond to a TUC wage initiative* with price curbs.

BL Board backs State terms

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

HOPES THAT British Leyland might secure more generous takeover terms from the Government than the 10p a share suggested in the Ryder report, were dashed last night when the BL Board strongly urged shareholders to accept the offer.

In his valedictory letter to shareholders, Lord Stokes, BL chairman, makes it clear that in the Board's view the only alternative to acceptance is liquidation.

"I have to advise you that the Board's best estimate, based on full and careful consideration of all relevant factors, including a thoroughgoing examination by our auditors, is that shareholders in a liquidation could not expect with confidence to receive any payment in respect of their shares," he says.

The Board, which has been advised by Schroder Wagg and S. G. Warburg, is therefore recommending shareholders to accept the cash alternative in the Scheme of Arrangement for setting up the new company. This is due to be discussed at a shareholders' meeting on July 14.

The letter also lays out in *some detail the steps taken by* BL to try to secure a larger offer from the Government. A proposal was made to the Government that it should take on the loss-making part of the group—Austin Morris—while the profitable quality cars and trucks and buses were retained.

On this basis, it argued, the shares would be worth more than 10p. The Government, however, was only prepared to support BL if it remained a single entity.

The alternative of closing down the Austin Morris volume car division—frequently mooted by shareholders—was considered at length and rejected. "Apart from wider considerations and the fact that those more viable parts could not continue their operations without supplies from the volume car operations, it was clear that closure costs and losses would have wiped out virtually the whole of the share capital and reserves."

Under the scheme of arrangement, shareholders can in the *first place vote for or against the* scheme and then, if they vote for acceptance, elect to take the "cash alternative" to shares in the new company.

The amount of acceptances of the cash alternative, plus the number of shareholders who take up the subsequent rights issue, will determine the size of the Government stake in the company.

There were signs last night, however, that a number of shareholders were prepared to vote *against the scheme in spite of* the warning that such a course would put the company into liquidation.

The rebels' only hope of success in such an action would seem to be the provision by which the Board's proposals have *to be supported by 50 per cent.* of those actually voting. On the second main provision—that 75 per cent. of the votes cast must be in favour—the BL Board can expect wide support from the institutions, who appear to have abandoned hopes of an effective riposte to the Government.

Among the directors, Mr. John Barber, Sir David Barran, Lord Greenhill, Mr. Jim Slater and Lord Stokes himself, intend to *accept the cash offer. In a per*sonal statement, Lord Stokes says he sees "no rational alternative but to follow the recommendations."

On two of the basic points of the Ryder report, the BL Board resolutely refuses to comment. The full report, it says, has not been made available and therefore it cannot "evaluate with confidence all the financial projections in the report."

It also says that on the key question of "satisfactory improvement" in industrial relations and productivity, on which Government support depends, it is not in a position to "judge how such an improvement might be calculated by the Government or what its policy will be if such an improvement is not forthcoming."

In addition, the Board refuses *to make any forecast of profit*ability.

£ in New York

	June 18	Previous
Spot	\$2.2750-2.2760	\$2.2704-2714
1 month	0.76-0.71 dis	0.82-0.77 dis
3 months	2.41-2.36 dis	2.48-2.43 dis
12 months	10.25-10.15 dis	10.20-10.50 dis

New rail pay offer expected to-day

By Roy Rogers
Labour Correspondent

TALKS TO try to avert the national rail strike threatened *from Sunday night will resume* to-day. They were adjourned yesterday evening, without the British Railways Board improving on the 27.7 per cent. tribunal pay award.

Last night Mr. Sidney Weighell, general secretary of the National *Union of Railwaymen, said he* was optimistic that a new offer would be made to-day, but warned that the strike would go ahead if it proved unacceptable.

BR's main object at yesterday's meeting was to discover whether the NUR—the only *union to reject the tribunal offer* —was prepared to accept something less than its full claim of increases between 30 and 35 per cent., weighted in favour of the lower paid.

The Board, when it meets this morning, will no doubt be *heartened* by Mr. Weighell's declaration, made to Mr. Bert Farrimond, the BR industrial relations member, and later to the Press, that he was "here to negotiate a solution—you will not find me inflexible."

So, after both sides have been sizing up each other yesterday, the scene is set for real bargaining to-day, when the BR Board will be back in its familiar role of trying to keep all three rail *unions happy.* The Associated Society of Locomotive Engineers and Firemen and the Transport Salaried Staffs' Association, while accepting the tribunal *offer, have indicated that they* will expect to share any additional money that results from the NUR strike threat.

The NUR is seeking to *improve the offer as far as it* relates to the lowest grade railmen who now stand to receive only £2.65 a week "new money," plus consolidation of existing £4.40 a week cost of living payments.

The NUR wants the minimum increases *lifted* by £1.95 to give similar rises to those won recently by surface mine workers—a move which the union estimates would add a *further £7m. to the £77.5m. offer,* taking it to about 29.5 per cent.

Lisbon tense: parties face crucial test

BY JANE BERGEROL

LISBON, June 18

COPCON SECURITY forces today backed workers occupying the Republica newspaper and refused to accede to the editor's *conditions for reopening the* paper, while the Supreme Revolutionary Council entered its *sixth day of agonising decision* on where Portugal's revolution should go next.

Tension in Lisbon and across the country was running high as the Supreme Revolutionary Council met again to-day in the continuing struggle for power between anti-party officers, lead by Copcon's commanding officer *and pro-party council members,* thought still to be in a narrow majority.

Copcon's display of muscle over the past week has frightened *many into thinking the parties'* time is now up: Copcon officers have given General Otelo a mandate which he has presented to the Supreme Council, and it reportedly demands an end to the Constituent Assembly, an end to the fourth coalition, straight*forward military rule and* approval of the scheme to set up Revolutionary Workers' Councils.

These would by-pass the parties to create direct links between *the people and the Armed Forces* Movement, and lead, according to extreme Left ideologues, to popular government.

It is no accident that in the midst of these upheavals, the first military town council in the country, in Oporto, to-day announced it would be *holding* its meetings at night to allow participation on the council of Workers' Councils representatives and members of neighbourhood *comissions, also recently set up* in some urban areas.

That the leading AFM officers are now counting their guns seems clear after Copcon's show *of strength at the week-end when* it set up road-blocks around the country, ostensibly to catch firemen who mysteriously managed to break into an army barracks *in broad daylight and make off,* unopposed, with a small haul of rifles and machine-guns.

By *8.30* a.m. to-day workers had occupied the offices of the Republica newspaper which was due to be unsealed and [illegible] to the management and editor [illegible] 11 a.m. Later, with the aid of *Copcon security* [illegible] repulsed an [illegible] editor's sympathisers [illegible] their way into the building through a side door, and [illegible] hurled a [illegible] street while a soldier [illegible] in the air

Talks between the [illegible] workers failed to resolve [illegible] dispute, and Dr. [illegible] for meetings with his [illegible] in a Lisbon flat. They were [illegible] *told the Supreme Revolutionary* Council wished to see [illegible] meanwhile workers decided to continue to occupy the [illegible] and large crowds gathered outside in the street.

To-night, two other demonstrations were also held [illegible] indignant journalists [illegible] Catholic radio station [illegible] Renascena, protesting at workers' occupation of the station and another by an extreme Leftist *group, the Popular Democratic* Union.

Meanwhile, inside the Constituent Assembly, deputies are wondering how long their new democracy will last. Communist deputies are in a state of [illegible] tension and yesterday abandoned their normal [illegible] control to join in the [illegible] when a Socialist deputy [illegible] ded on Press coverage of the assembly proceedings.

The Communist-dominated media this morning [illegible] the assembly while a Communist Party central committee statement said it was time for a "*new government* to [illegible] the popular alliance with the AFM" since the present one "contains the opposition and is unworkable."

One reason why the [illegible] Council meeting has lasted so long may be that pro-Communist officers are *still undecided* whether to throw in their lot with the Copcon chief or remain with pro-party officers and the Communist Party's own [illegible] is evidence that it *itself does* not know which path to pursue.

FEATURES

FT SURVEYS

ON OTHER PAGES

ANNUAL STATEMENTS

INTERIM STATEMENT

For latest Share Index 'phone 01-246 8026

LOMBARD

Floating rates—the non-panacea

BY C. GORDON TETHER

THE FACT that the floating rates system is proving itself to be anything but the panacea for international payments malaise that its proponents cracked it up to be is at last coming to be recognised. And not a moment too soon. For as Dr. Emminger—the vice-president of Germany's central bank—was recently pointing out, the evils that it has helped to encourage have now got the world so much in their grip that hopes are rapidly fading of securing relief from them in the only way open to us—through a concerted move back to a stable and orderly international monetary set-up.

It is claimed for the floating rates system that its general use during the past two years has put an end to the recurrent exchange upheavals which were a feature of the closing years of the fixed rates regime. But, while that cannot itself be denied, it also has to be said that it is about the only thing of substance that, on the record, can still be said in its favour. Certainly, its widespread adoption has done nothing to solve the basic problems arising from international payments disequilibrium that was represented to be its main capability.

Because almost every country that has embraced the system has been quickly forced to recognise that "clean floating"—supposedly the acme of perfection for this mode of international payments life—is for all practicable purposes out of the question, extensive official intervention has been the rule. The result, as the head of the Bank for International Settlements has revealed, is that flexible rates have actually proved to be more costly to manage than the fixed ones they replaced.

Cancelled out

Moreover, instead of bringing about the scheduled shifts in trade and payments patterns that would eliminate chronic surpluses and deficits, they have tended to make matters worse. The appreciation-proneness of the D-Mark has turned the German surplus into an even bigger bugbear for the rest of the world than it was already. Similarly, the persistent depreciation of the £ has made the British gap harder to close—it having been impossible in the present world environment to expand the volume of U.K. exports fast enough to cancel out the constant erosion of foreign exchange earnings from existing traffic.

And while the floating rates fashion has thus failed to promote smooth basic readjustment, it has provided scope for violent day-to-day fluctuations in exchange rates totally unrelated to the behaviour of purchasing power relationships. Witness the big swings in the value of the dollar—first one way and then the other—in relation to Continental currencies during the past two years. In doing so, the system has obviously operated as a powerful brake on the flow of desirable trade and payments.

The Governor of the Belgian central bank put the matter in correct perspective when he pointed out earlier this week that the pronounced fluctuations in exchange rates which have taken the place of the former crises conceal major capital movements and must in the long run "pervert the adjustment process."

If we remember that the spread of floating currencies has facilitated the massive new capital outflows from the U.S. that have given the global inflation problem a much more explosive character—and thereby helped to precipitate the world into its first major recession since World War II—it is evident that this formerly much-vaunted innovation has much to answer for.

First thing

The French clearly have right on their side when they say—and thank goodness that someone has found the courage to risk causing offence in Washington by talking frankly about these matters—that, if we really want to get the world back on an even keel, the first thing we must do is to organise a return to the system of fixed but adjustable parities.

The trouble is, unhappily, that—thanks in no small measure to the powerful spur given to international financial permissiveness by two years of floating rates—the world situation is now so badly extended in many directions that this is much more easily said than done.

Dr. Emminger of the German central bank may have been going too far when he declared recently that the existence of the dollar overhang and of the Euro-currency market and the heavy influence of dollar capital flows made it "inevitable that floating must remain the basic monetary regime for the foreseeable future." But the obstacles they present to the restoration of a stable monetary system are obviously formidable.

Where, however, there is a will there is a way. And that will should be forthcoming if we remember that, if these disruptive forces are allowed to continue to dominate the scene for much longer, the threat to our civilisation posed by monetary turbulence may well pass beyond the point of no return.

RACING — BY DOMINIC WIGAN

Consol likely to yield a profit

PROVERB, who came with a powerful late surge nearly enabling him to snatch last year's Ascot Gold Cup from Ragstone, may well go one better in the corresponding event to-day.

Willie Carson's mount, the 1974 winner of the Paradise Stakes, the Goodwood Cup (for a second year running) and the Doncaster Cup, gave every indication when making his seasonal debut in Sandown's two miles Henry II Stakes on May 27, that he would be extremely difficult to contain in this event the centre-piece of the Royal meeting.

Looking distinctly backward compared to his six rivals, *Proverb* did particularly well on May 27 finishing only four lengths adrift of the two principals, Zab and Girandole, after taking some time to get into his rhythm.

With the benefit of that outing behind him and an additional half mile to travel I shall be surprised if *Proverb* is unable to turn the tables on *Zab* and *Girandole*. A greater threat seems likely to be the favourite, *Sagaro*, bidding to give Lester Piggott a sixth Gold Cup success. However, the French four-year-old is at his best with plenty of give underfoot, and *Proverb* may be too fast for him under to-day's conditions.

In the opening event of the afternoon, the Cork and Orrery Stakes (2.30) many backers are likely to have trouble deciding between *Steel Heart* and *Paris Review*. The first-named staked his claim to consideration for the champion sprinter's title when outpacing Midsummer Star in the Duke of York Stakes last month and a reproduction of that form will probably enable him to give 7 lbs to course winner *Paris Review*, a three-lengths runner-up to Blue Cashmere in Sandown's Temple Stakes three weeks ago.

Thirty-five minutes after the Cork and Orrery it will come as a shock to almost all if *Royal Boy* fails to retain his unbeaten record in the Norfolk Stakes (3.05). Mr. David Robinson's chesnut Realm colt followed up a facile Newmarket victory over Brave Panther by decisively dealing with the speedy Music Boy at York in a fast time for the conditions on May 13, and I shall be surprised if there is anything in opposition here capable of matching strides with him.

At the end of last week Pat Eddery commented that he regarded *Consol* in the King Edward VII (4.20) as his best chance of the meeting, and I fully expect this much-improved colt by Reliance II out of Grandpa's Legacy to confirm his rider's high opinion of him.

Consol, who won two of his four races as a juvenile, found no difficulty in making almost all the running to defeat Hurry Harriet in The Curragh's Royal Whip Stakes on May 16, and he appears to have less, if anything, to do here.

Whatever his fate at Ascot, Eddery seems sure to tighten his grip on the jockeys' championship to-day, for he has been booked for several promising-looking mounts from Frank Carr's stable at Hamilton's evening meeting. *Open Doors*, *Captain's Wings*, *Never Never* and *Onward Tsubame* can give Eddery a four-timer at the Scottish track. *Captain's Wings* appears as a safe proposition.

ROYAL ASCOT

2.30—Steel Heart
3.05—Royal Boy
3.45—Proverb
4.20—Consol***
4.55—Magnificent Return
5.30—Zimbalon*

HAMILTON

7.00—Open Doors
7.25—Peace and Quiet
7.50—Captain's Wings**
8.20—Never Never
8.50—Onward Tsubame
9.20—Gypsy Bronze

SALEROOM — BY ANTONY THORNCROFT

Impressionists set for record

WHAT IS reckoned to be the finest group of Impressionist paintings to be sold in London since the Goldschmidt collection in 1958, comes under the hammer at Sotheby's on July 1. The paintings, 50 in all, have been sent to auction by an anonymous French collector who acquired them directly, or through his father who dealt with Durand-Ruel, who bought paintings from the Impressionists themselves. This means that many of the works are fresh on the market.

In all, the auction is expected to realise around £2m., which would be a record for a single collection of paintings sold in one evening. The Goldschmidt collection made £781,000, but only seven paintings were involved. Among the works on offer are five Picassos, four Bonnards, three Monets, three by Vlaminck, a Braque, a Matisse, a Toulouse-Lautrec and an important bull-fighting pastel by Picasso, executed on his first trip to Paris in 1900.

Among the pictures in the sale are an 1898 Pissarro of the market place near Rouen Cathedral, which is regarded as one of his masterpieces. There is also a view of the cathedral by Monet, as well as an oil he did of Waterloo Bridge from his room on the fifth floor of the Savoy Hotel in 1903. It was acquired by the father of the vendor a few days later.

In contrast, the sales in London yesterday were rather small beer. At Sotheby's, Old Master paintings realised £85,460. A pair of portraits, attributed to Rubens, of the Archduke Albert of Austria and the Infanta Isabella realised £3,000, and a river landscape by Hendrik van Lint fetched the same price.

At Christie's, Greek and Russian icons totalled £37,896, with a top price of £756 for an icon of the Virgin of Smolensk. An 18th century central Russian Old Testament Trinity went to Borzo for £735. At Glendining silver coins made £45,600, with a best price of £880 for a Henry IV groat.

Among other forthcoming sales of interest, Sotheby's will be selling one of the rarest of British Orders, the Most Ancient and Noble Order of the Thistle, on July 9. The Order was given to the 18th Earl of Erroll by William IV in 1834. Until 1821 there were only 12 Knights of the Thistle. Then George IV increased the number, but to 16, so it is very scarce.

The Earl of Erroll not only had the badge in gold, but also a unique badge of white sardonyx cameo mounted in gold, set in a green enamelled band, surrounded by diamonds. The two badges could sell for as much as £10,000, a record price for a British Order.

Also up for auction will be a rare Victorian Cross, awarded to Lt. Col. Frederick Augustus Smith for bravery in New Zealand in 1864. Very few VCs were awarded during the wars against the Maoris and this is the first to appear on the market for many years.

ENTERTAINMENT GUIDE

OPERA & BALLET — THEATRES — THEATRES

THEATRES — CINEMAS — ART GALLERIES

TV/Radio

BBC 1

† Indicates programme in black and white.

9.42 a.m. For Schools, Colleges. 1.00 p.m. Cwn Defaid. 1.30 Chigley. 1.45 News. 2.00 Tennis. †3.58 Regional News (except London). 4.00 Play School. 4.25 Pixie and Dixie. 4.35 Jackanory. 4.50 Blue Peter. 5.15 The Small World of Samuel Tweet. 5.40 Roobarb.

5.45 News.
†6.00 Nationwide.
6.45 To-morrow's World.
7.10 Top of the Pops.
7.40 Dad's Army.
8.10 The Undersea World of Jacques Cousteau.
9.00 News.
9.25 Play for To-day.
10.30 Midweek.
11.05 Tennis highlights.
†11.25 Regional News.

All Regions as BBC 1 except at the following times:—

Wales—11.20-11.40 a.m. Gwlad a Thref. 1.30-1.45 p.m. Nant-y-Pant. 6.00-6.45 Wales To-day. 6.45-7.10 Heddiw. 7.40-8.10 Bod: Marwolaeth—discussion on Euthanasia. †11.28 News.

Scotland—6.00-6.45 p.m. Reporting Scotland. 9.25-10.30 Show Jumping from the Royal Highland Show. †11.28 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.45 Scene Around Six. †11.28 Northern Ireland News Headlines.

England—6.00-6.45 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

†6.40 a.m. Open University.
11.00 Play School.
4.00 Tennis: The John Player Tournament.
†5.00 Open University.
7.30 Newsday.
7.55 Sir Mortimer and Magnus.
8.10 Looking for Clancy, part 4.
9.00 All in the Family.
9.25 Man Alive.
10.15 Gardeners' World.
10.40 Centre Play.
11.10 News Extra.
11.20 Closedown: William Squire reads "The Kingfisher" by William Henry Davies.

LONDON

9.42 a.m. Schools Programmes. 10.35 The 21st Century. 11.00 Schools Programmes. 12.00 Mr. Trimble. 12.15 p.m. Paperplay. 12.30 Looks Familiar. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Keep Britain Slim. 2.00 Good Afternoon. 2.30 Show Jumping from the Lincolnshire Show. 3.55 About Britain. †4.25 Comedy Classics: The Crazy Gang in "Gasbags."

5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Born Free.
8.00 Dawson's Weekly.
8.30 This Week.
9.00 What Would You Do?
10.00 News.
10.30 A Place in Europe.
11.00 What the Papers Say.
11.15 People and Politics.
12.15 a.m. Stranger in the City.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 4.25 The Romper Room. 4.55 The Amazing Chan And The Chan Clan. 5.20 Rock On With 45. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 The Protectors. 11.00 Griff. 11.55 Christians In Action.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 4.25 Voyage to the Bottom of the Sea. 5.20 Rock On With 45. 6.00 ATV Today. 7.00 Barnaby Jones. 10.30 Gardening Today. 11.00 Checkmate. 11.30 What The Papers Say. 11.45 Ian Knox.

BORDER

†1.25 p.m. Border News. 2.00 Women Only. 4.25 The Rovers. 4.50 Junior Library. 5.05 Cartoon Time. 5.20 Rock On With 45. 6.00 Border News and Lookaround. 7.00 Movin' On. 10.30 Gardening Today. 11.00 Maude. †11.30 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.25 Cowboy In Africa. 5.15 Anna and the King. 6.00 Channel News. 6.10 Skippy. 7.00 The Six Million Dollar Man. 10.30 The Collaborators. 11.30 Actualities et Projections.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Women Only. 4.25 Tarzan. 5.20 Rock On With 45. 6.00 Grampian News. 6.10 What's Your Answer? 7.00 Marcus Welby MD. 10.30 Gardening Today. 11.00 Matter of Concern. 11.30 Evening Prayers.

GRANADA

9.30 a.m. We Build For The World. 1.20 p.m. This Is Your Right. 4.25 Tarzan. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Rock On With 45. 7.05 Combat. 10.30 Reports Extra. 11.15 What The Papers Say. 11.30 Homicide.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.25 Around the World in 80 Days. 4.50 Adventures in Rainbow Country. 5.20 Help! 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Husband of the Year. 7.00 Jason King. 10.30 Great Little Trains of Wales. 11.00 Journey to the Unknown.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25 Miri Mawr. 4.35-4.50 Miri Mwy. 6.00-6.15 Y Dydd. 11.00 Leukaemia.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

12.30 p.m. Making Things Fit. 1.25 Road and Weather Report. 2.00 Housecall. 4.25 Around the World in Eighty Days. 4.55 Arthur of the Britons. 5.20 Kiri. 5.25 Crossroads. 6.00 Scotland To-day. 6.30 Castaway. 7.00 The Six Million Dollar Man. 10.30 Late Call. 10.35 Conference Report. 11.35 New Faces.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women only. 4.25 Around the World in Eighty Days. 4.50 The Beachcombers. 5.20 Dodo. 5.25 Crossroads. 6.00 Day by Day. 6.35 Survival. 7.00 Barnaby Jones. †10.30 Late Thursday Film: "The Secret Four," starring John Payne. 12.10 a.m. Southern News Extra.

TYNE TEES

9.35 a.m. Starting Point. 1.25 p.m. Where the Jobs Are. 2.00 Women Only. 4.25 Tarzan. 5.20 "45". 6.00 To-day at Six. 7.00 The Persuaders. 10.30 Maude. 11.00 Double Top. 11.30 Late News Extra. 11.40 Let There Be Light.

ULSTER

1.20 p.m. Ulster News Headlines. 4.23 Ulster News Headlines. 4.25 Lost in Space. 5.20 Rock On With "45." 6.00 Summer Reports. 7.00 Six Million Dollar Man. 10.30 A Place in Europe—Sweden. 11.00 What's It All About?

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.25 Cowboy in Africa. 5.15 Anna and the King. 6.00 Westward Diary. 7.00 The Six Million Dollar Man. 10.32 Westward Late News. 10.35 The Collaborators. 11.30 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 Tarzan. 5.20 Rock On With "45." 6.00 Calendar. 7.00 The Persuaders. 10.30 Calendar People. 11.00 Barnaby Jones.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Paul Burnett. 9.00 Tony Blackburn. 12.00 Johnnie Walker including new Top 30 LP discs and 12.30 p.m. Newsbeat. 2.02 Ed Stewart (S); also on VHF. 5.0 Newsbeat. 5.15 John Peel with Top Gear. 7.00-12.33 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

5.00 a.m. News Summary. 6.02 Simon Bates (S). 6.15 Pause for Thought. 7.02 Terry Wogan (S). 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jean Challis (S). 1.50 Sports Desk. 1.55 Good Listening (VHF). 2.02 p.m. Ed Stewart (S) as Radio 1, but including on 1500m. only (also 202m. Scotland) 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The 78 Show. 7.30 Sports Desk. 7.32 The Organist Entertains (S). 8.02 Folk 75 (S). 8.30 Folkweave (S). 9.02 Take Your Partners in Radio 2 Ballroom (S). 10.02 Sports Desk. 10.05 Don Durbridge with Music Through Midnight (S) including 12.00 News. 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This week's composer: Schumann (S). 9.40 Northern Sinfonia Orchestra, part 1: Janacek, David Barlow (S). 10.10 Poets on Music (S). 10.30 Concert, part 2: Faure, Reicha (S). 11.05 A Chopin recital by Halina Czerny-Stefanska (S). 12.00 Bournemouth Symphony Orchestra, part 1: Mozart, Brahms (S). 1.00 News. 1.05 Concert, part 2: Dvorak, Wagner (S). 1.45 Music Making (S). 3.05 "Tantivy Towers," light opera in three acts, music by Thomas Dunhill, Act 1 (S). 3.55 David Dunhill talks about the work of his father Thomas Dunhill. 4.05 Tantivy Towers, Acts 2 and 3. 5.25 Great Pianists. ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Study on 3. 7.30 Portrait of an Orchestra: London Philharmonic Orchestra (S). 9.20 Samuel Beckett: Texts for Nothing IV-VI, read by Patrick Magee. 10.05 Josquin des Pres: Musica Reservata (S). 10.40 Historic Performances on Record: Brahms Quartet in A, Op 26. 11.25 News.

Radio 3 (VHF only)—6.20 to 7.00 a.m. and 5.45 to 7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the day. 6.45 Today, including 6.50 and 7.50 (VHF) Regional News. 6.55 Weather, programme news. 7.00 News and more of Today. 7.27 Sportsdesk. 7.35 Today's Papers. 7.45-7.50 Thought for the day. 7.55 Weather; programme news. 8.00 News and more of Today. 8.30 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved. ‡10.00 News. ‡10.05 From Our Own Correspondent. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 If you think you've got problems . . . ! ‡11.50 Sir Geoffrey Jackson: In Search of El Dorado, part 5. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music! (S). ‡12.55 Weather, programme news (VHF, except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00) including 2.00-2.02 News. ‡2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Jack de Manio Precisely including (4.00-4.05 News). 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report, VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Dad's Army. 6.45 The Archers. 7.00 News Desk. 7.30 Any Answers? 8.00 Maugham the Storyteller: "The Unconquered." 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.45 News.

For Schools (VHF only)—9.05 a.m. to 12.00 and 2.00 to 3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.03 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.03 Young in Mind. 4.03 Sound Out. 4.32 Home Run, including London News Desk at 5.00, 6.00. 7.03 In Town. 8.00 Rail. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00 As Radio 2 until closedown.

London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "A.M.": Breakfast-time news show, with interviews, traffic and travel service, plus sport. 9.30 Parliament from the Inside: LBC's report on the House of Commons. 10.30 Open Line London talks to George Gale. 12.00 Newswatch including live reports from the House of Commons, including at 3.15 p.m. Prime Minister's Question Time. 6.00 Newsbreak. 7.30 Music in Stereo. 9.00 Love in London. 1.30-6.00 a.m. Nightwatch. News every half-hour.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 2½ hours of music and madness. 9.00 Michael Aspel with Music, Features, Advice and Swop-shop. 12.00 Cash On Delivery with Dave Cash and Music. 3.00 p.m. Roger Scott with Music. 7.00 London Today. 7.30 Open Line. 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,807

ACROSS

1 The original leading seaman? (9)
6 Buttons just one side (4)
9 Defeat with a pledge a perfunctory wash (4, 3, 1, 7)
10 Hush! It's said to be golden (7)
11 Hear odd assortment being stored away (7)
12 Correct oriental people died (5)
13 Only an iota written beneath (9)
16 Stop to hire nuclear device (9)
18 Caught leg during ascent (5)
19 Bristle and snub Bob (7)
22 Dispose of more goods at a higher price (7)
23 In disorder everywhere (3, 4, 3, 5)
24 Waken up and move around (4)
25 Neither here nor there (9)

DOWN

1 As fast as possible but all at sea (4, 5, 5)
2 Remember about short prayer (9)
3 Went by rail or coached (7)
4 He should receive that to which he is entitled (9)
5 The intensity of a pit (5)
6 Commonplace, or is cap unsuitable? (7)
7 Powder jar (5)
8 Persuades those in title roles to take credit (5, 2, 7)
14 Gambles about other change and engages (9)
15 Travel with it in eastern tax (9)
17 Bind again but get better (7)
18 Another's tool is a bit of a pussyfoot (7)
20 Passage at home is leased (5)
21 Start of the Gaelic language is concise (5)

SOLUTION TO PUZZLE No. 2,806

Wimbledon Theatre

The Last Romantic

by B. A. YOUNG

Kerry Lee Crabbe writes beautiful dialogue, witty and pungent, and his characters are fashioned with a craftsman's care and observation. His "last romantic" is a retired Brigadier who challenges a constant risk of sudden death from angina by embarking on a *series of dotty* quests. He starts a book on what he calls imaginative physics, and this leads him to alternative technology, *which turns out to be* a back to nature movement—chickens, a goat, his own vegetables. There is also a volunteer reserve to combat the threat from Bolshies.

He is, unfortunately, quite impractical, his knowledge remembered from his eclectic reading but never proved by investigation. He is waited on hand and foot by his plain daughter Emily *until she suddenly decides* she can take it no longer and marries the local doctor, a dull widower, with a teenage son. Luckily his son, James, an engaging homosexual alcoholic just sacked by the BBC, is there for the occasion, and he unwillingly takes over the cooking and *cleaning*.

There is much pleasure in hearing the barbed dialogue that passes between these people, *but it is hardly enough*. The world is the world of *Uncle Vanya* translated into English, but there is not sufficient contact between the characters to keep one interested in them. *Emily finds married life exactly* like life with her father. The Brigadier faints on the doorstep but carries on afterwards as if *nothing had happened*. James and the boy are brought together in an empty house in a blackout and no kind of relationship *evolves, friendly or otherwise*. If Mr. Crabbe's aim was solely to present us with a flat plain of impenetrable boredom, he has indeed succeeded, and not accidentally either. But some little figurative pattern on his matt grey canvas is surely called for.

The playing, directed by Philip Grout, is as impeccable as it always is with the Actors' Company. Ralph Michael is the old man, frail but erect. Sheila Reid's shiny pink face and sloppy flat-heeled walk as Emily say everything about a life of dull resignation; as her brother *James, Charles Kay*, languid and self-absorbed, is the archetype of the brilliant but idle intellectual manqué—a notable performance. The doctor, played by Tenniel Evans, is required only to radiate dullness, save once when Emily asks him to do his imitation of an owl. I couldn't understand why *Roger Davenport plays his son in* Cockney.

Battersea Park

La Bayadère

by CLEMENT CRISP

The role of Solor in the Kingdom of Shades scene from *La Bayadère* may not appear to offer much more than a series of transcendental entries for a strong soloist but as danced by Anthony Dowell on Tuesday it became the apotheosis of the classic dance. Of recent months Dowell seems to have taken off from the pinnacle he had already achieved as a premier danseur and to have *scaled those heights known only* to the greatest classic performers. Like Erik Bruhn, he is now an Apollo among dancers; with Dowell the academic dance *is revealed* as the noblest and most beautiful statement of the potential of the human body in movement and repose.

His Solor can seem sculpturally perfect as he awaits Nikiya, but the positions are warmed by *dramatic fire; as he moves*, as dance takes over, classic precision—the labours of the class-room—are transmuted into images of the grandest perfection. It is magnificent, unforgettable dancing. The Nikiya of the evening, Merle Park, was light, elegant, as were the trio of soloists, and the chorus of admirably matched Shades.

Odd programming to follow this, after the briefest of pauses, with the romp of *Side Show*. It does not look well in the tent, albeit Lynn Seymour and Michael Coleman (making his debut) were very jokey; the piece needs the formal surroundings of an Opera House to give point to its anarchic humours. The succeeding *Shukumei* was strongly done. It is one of those eminently "theatrical" ballets that do not bear too close an examination as to motives or choreography; but when given with the vigour and boldness of its original *cast, who were in* charge on Tuesday—Marion Tait fine as the heroine—it has a dramatic momentum that carries *it to success*.

A joke that works excellently in the tent is *The Concert*. No novelties in casting, but undiminished admiration for Miss Seymour, lashing herself into a variety of frenzies, for Georgina Parkinson, who has a marvellous collection of affronted stares and can suggest the most exquisite unease when all about her are losing their nerve, and for Michael Coleman, who destroys once and for all that sticky Prelude we know too well from *Les Sylphides*.

Festival Hall

Klee/Curzon

Thanks to the authority of Monteux and the enthusiasm of a younger generation headed by Boulez, Debussy's *Jeux* is now almost a repertory piece. Last Tuesday Bernhard Klee chose it to open his concert with Monteux's old orchestra, the LSO. So much the better. Formerly, this ultra-sensitive, fugitive, moth-wing music was not played often enough to *insinuate itself* into orchestral fingers. This performance was not perfect—ideally it needed a shade more *flexibility, more tingle* on the palate, less suggestion in the *texture of Ravel's La Valse*. But there was ease, and a sense of forward propulsion essential in a score where Debussy's mosaic construction should not appear to hinder the flow.

In Mozart's C major Piano Concerto (K 467), Clifford Curzon once again achieved the feat of both exceeding and cheating expectations. There is no other pianist who can make a Mozart slow movement sing more subtly, defying the nature of a keyboard, making time itself slow down. Curzon did this on Tuesday in the most enchanted of Mozart's Andantes, most wonderfully at the change to A flat about two-thirds of the way through. In the first movement there had been uneasy moments, with the pianist allowing phrases to devour their own tails and some sudden eddies of uncertainty. The finale was witty, insubstantial not always in *the right way*, without the springiness Curzon knows how to bring, for example in the Coronation Concerto, to Mozart.

Brahms's Second Symphony after the interval started as if it were going to be one of those readings that bring back all one's old affection for a classic. In the event it proved to be rather *less* than that, a reasonable, sound performance with the negative but not to be derided virtues of *being without vulgarity* or drowsiness. Here the ability to move forward, so useful in *Jeux*, might with advantage have been exchanged for standing back and letting the stream roll on with the least possible hindrance. The Adagio, one of the most elusive movements in Brahms, came out plain. In recompense, *the finale* was securely built up to an imposing but not too hectoring climax.

RONALD CRICHTON

Book Reviews are on Page 28

Cunard Hotel

Dionne Warwicke

No other major capital can be so badly served with respectable night spots as London. Many people, *for business reasons* or from a perverted sense of pleasure, want some reasonable spot where they can see *international celebrities* perform, and dine and dance a bit too. There are the Savoy and Quaglino's for silver weddings, and the Talk *of* the Town for Japanese businessmen, but then you have to think.

So Jeffrey S. Kruger cannot *be faulted on logic in using the* vast Queen Mary Suite at the Cunard Hotel as the setting for an ambitious cabaret season. Unfortunately the *first night* wrinkles on Monday got the venture off to a less than ecstatic debut.

For a start *the Cunard is hard* of access, and you are lucky to get away with only three twirls around the Hammersmith one-way system before finding the entrance. Then the room is quite lacking in atmosphere, with tables packed close, a small, immobile stage, and a setting more suited for masonics than intimate cabaret.

There was nothing wrong with the background music during a not unreasonable dinner, but the cabaret was a dreadful mess. It seemed never-ending, with a nervous and embarrassing compere, dancers who had no space or flair, and quite superfluous singers. Then came Frank Gorshin, a middle aged American impressionist who took off interminably Hollywood actors of the 1930s. If this is your idea of entertainment he was of a high standard, but such dated, unfunny, nostalgia leaves me quite cold.

So it was well past midnight when Dionne Warwicke made her appearance, and started to win round the apathetic and punch-drunk audience. She did a fine job, her excellent voice ranging over some nice songs, all duly attributed to their original singers. It was not really her scene, but she saved the situation, and by cutting out the supporting artistes the Cunard could quickly (and economically) transform its potential.

Still it is rather depressing to note that all the forthcoming attractions are over-familiar American names, like Jerry Lewis, George Burns and the Mills Brothers, all supported by more American acts. I know at the prices—£12 per head *minimum* — the venture is mainly designed for tourists, but the U.K. has in the recent past produced *more* than its fair share of more original and more youthful talent.

ANTONY THORNCROFT

Vincent Price and Coral Browne in the revival of Anouilh's '*Ardèle*' which opened last night at the Queen's Theatre

Leonard Burt

Toronto Theatre

Donnellys at the Tarragon

by HENRY POPKIN

The Tarragon Theatre of Toronto, having completed a few of its short-term goals, is going out of business *for a year*. A little earlier, the Tarragon won the Chalmers Award for the best play staged in Ontario in 1974; that means that the Tarragon has taken this prize in each of the three years that the Chalmers Award has existed. At the ceremony, however, *it looked for* a few minutes as if the impossible had happened. The prominent Toronto critic who was *officiating* announced that the winner was the Theatre Passe Muraille's *1837*, a play of a few years ago newly revised by its author, Rick Salutin, who arose to express his disapproval of the Award but to accept it nevertheless. And then the chairman of the meeting, demonstrating what we have always known, that it takes a drama critic to give a truly memorable performance, corrected himself and gave the award to the Tarragon's *The St. Nicholas Hotel: The Donnellys: Part Two*, by James Reaney, who, although *he is only in his 40s, is virtually* the father of the new Canadian drama. Reaney accepted without qualifications but recom*mended that, hereafter*, the committee might dispense with its "theatre of cruelty" and inform the winner in advance of the ceremony.

In addition, the Tarragon has sent a Canadian play, Michel Tremblay's *Hosanna*, to Broadway in a Canadian production. True, it did not stay there long, but, then, neither did its predecessor 20 or so years ago, Tyrone Guthrie's production of a *play by Robertson Davies (who* might be called the grandfather of the new Canadian drama).

The Tarragon has successfully completed its trilogy with Reaney's *Handcuffs: The Donnellys: Part Three*. The Donnellys are rural Ontario's equivalent of the house of Atreus, an immigrant Irish family that was the victim of a massacre in 1880. The massacre is famous, but the reasons for it and the family's earlier history have been quite mysterious and, indeed, quite unknown until the publication of *Orlo Miller's The Donnellys Must Die* in 1962.

It now seems that, far from being quarrelsome louts who in*vited the community's animosity*, the Donnellys were the relatively innocent inheritors of a feud that began in Tipperary when, *Catholics though they were, they* refused to take up arms against the Protestant gentry. Armed by Miller's research and his own, Reaney has made no bones about making a case for the Donnellys and has filled the Tarragon's stage with the exciting doings of a community obsessed by the presence of a family that does not conform. Talk about filling the stage with people, incidents, and excitement; *Part Three* is typical in its use of 14 extremely busy actors to play at least 47 roles.

But in *Part Three*, Reaney *faces a peculiar problem*. Like the Greek dramatists before him he has reached the part of the story that everyone knows, the *massacre itself*. *His strategy* is virtually to omit the massacre itself, since we all know what happened, and, instead, to show parallel developments leading to the massacre. The Donnellys engage in a quarrel over a neighbour's threshing. A barn-burning is, rather dubiously, attributed to the Donnellys; all the sons were at a wedding that night, and so the charge had to be brought against their mother. The Conservatives lose a *riding* to the Liberals and attribute their defeat to Donnelly influence. Two runaway lovers, *cast out by the respectable community*, are taken in by the Donnellys, but join in a double suicide. Another outcast is befriended by the Donnellys, but he betrays them to their murderers. All the parallels point to the ultimate, inevitable massacre, giving unity and a kind of fatality to an almost excessively eventful play. And, obviously, Keith Turnbull's firm-handed direction has helped to keep these patterns clear.

Following four remarkable ception, will go on leave for a run the Tarragon from its inception, will go on leave for a year, turning the theatre itself over to visiting companies from other parts of Canada but continuing the playwrights-in-residence programme during his absence.

Henry Wood Hall

A home, at last, for two of London's four independent symphony orchestras, in the form of the converted Southwark church Holy Trinity, within one mile of the Festival Hall. Now renamed Henry Wood *Hall, it* will serve primarily for rehearsals by the London Philharmonic and London Symphony *orchestras for all* their Festival Hall concerts, and secondly as their principal recording studio and for other *sessions*. When *not* required by these two orchestras, the hall will be available for hire by other ensembles—£45 per hour, *more expensive* but *not* unreasonable, compared with the assortment of cupboards and town halls in which all London's *orchestras have toiled till now*.

"One of the best squares in London" is Nairn's description of Holy Trinity's surroundings. But *the church he found too big*, graceless and dilapidated—all of which are now inapt, since the spending of over half a million pounds, raised by the Earl of Shaftesbury and Sir Jack Lyons. Arup have done the conversion, and as at St. John's Smith Square, and the Snape Maltings, their elegantly practical finishing touches are evident throughout the facility areas, such as the heather brown quarry tiles in the crypt restaurant, and extensive sand-blasting to reveal and feature the original foundations.

The church *itself* is neo-classical (Bedford, 1822), a large, clean, solid rectangle, more squarish than St. John's, Smith Square, the ratio between width and length being three to five rather than one to two. A shallow gallery hugs the west end, and now houses a new classical two-manual organ by Mander, handsomely cased in a large mahogany frame with principal ranks displayed. The organ is surprisingly powerful, with *strident principal scalding: ideal* for the Handel concertos, but perhaps too sharp for the mushy body-boost required by romantic works like *Enigma Variations*. However, a good organ is always more valuable in the long term than a muddy compromise.

Acoustically, the church is positively reverberant. Unfortunately the one thing we did not hear during Monday's informal *opening was the sound* of a full symphony orchestra in rehearsal. (17 members of the LPO played the original version of *Siegfried Idyll* with Haitink conducting; the LSO wind played a Mozart Serenade, and their brass boomed a couple of snippets by Pezel and Gabrieli.) Considerable damping will probably prove necessary, for at the moment the resonance is so glossy and flattering that conductors may imagine all is wonderful, and get a nasty surprise when they remove to the clinical Festival Hall. Ironically, the more dry and cruel a rehearsal hall, the better for preparing detailed attack and ensemble. But it is much easier *to absorb resonance with acoustic* screens than to add it to a modern miscalculation.

G.W.

Great Irish Houses Festival

by ELIZABETH FORBES

It would be hard to find a more agreeable setting for a concert of chamber music than Castletown House, Co. Kildare, a dozen miles west of Dublin. On a perfect June evening the setting sun shines in through the open, first-floor windows of the *Long Gallery*; the grass, the trees in full summer foliage, are incredibly green, while in the *middle distance an obelisk* — Connolly's Folly—rounds out the vista from the house. Impossible to imagine a more delightful environment, *that is, until one* has visited the Green Drawing Room at Carton, the Salon at Headfort or the Ballroom at Slane Castle, *all equally appropriate* backgrounds for the Festival in Great Irish Houses.

This year, the sixth Festival, four out of the seven concerts were held at Castletown, headquarters of the Irish Georgian Society. The opening concert, given by the New Irish Chamber Orchestra, under its conductor André Prieur, was mainly of 18th-century music. If the Concerto Armonico No. 1 in G, attributed to Pergolesi, but more probably by J. A. Birckenstock, had to compete for attention with the marvellous view and the decoration, in the "Pompeian manner" of the Long Gallery, J. S. Bach's Harpsichord Concerto in D commanded one's full concentration. Adapted by the composer from his E major violin concerto, the solo part seems to lie very comfortably for the harpsichordist (violinists *may not agree*) and Courtney Kenny gave a buoyant reading, faithfully supported by the strings of the NICO.

The *other soloist*, Rodney Slatford, energetically tackled Dittersdorf's Concerto in E for Double Bass, producing warm singing tone and phrasing of great delicacy. The bitter-sweet flavour of Dvorak's melodious String Serenade in E, Op. 22, and its infectious rhythms, were expertly caught and shaped by Mr. Prieur and the strings of the orchestra.

The following night's concert was at Carton, near Maynooth, Co. Kildare, a smaller house than Castletown, but one with equally gorgeous—and distracting—surroundings. Over the dais in the Green Drawing Room a portrait of Charles II leers genially down on the company, while the overflow of the audience is accommodated in the adjacent white and gold organ room, or outside on the terrace.

Hephzibah Menuhin began her piano recital with the Handel Suite No. 3 in D minor; Handel played on a concert grand seemed anomalous in such a setting, but Mendelssohn — the Variations sérieuses in D minor — and Schubert — the two books of waltzes *comprising Op. 9* — played with lovely crispness of touch, evidently pleased Old Rowley, who smiled down his long nose with pleasure. After the interval Miss Menuhin brought passionate commitment to Bloch's 1935 Sonata, a work with which she has been associ*ated — quite unbelievably — for* nearly 40 years, and which she plays with tremendous authority. Beethoven's Op. 110 Sonata was also projected with a deep sense of personal involvement.

The third concert took place at Headfort, Co. Meath, a house *(now a school)* whose rather severe and uncompromising exterior hides some elegant rooms superbly designed by Robert *Adam*. *Again the view from the* Salon over the lush Boyne valley fought for attention with the music, but the Aeolian String *Quartet, plunging straight into* Beethoven's "Harp" Quartet won that battle easily enough with the polished proficiency of its collective playing. Mozart's Flute Quartet No. 1 in D, K.285, introduced Edward Beckett, whose poised tone and classical phrasing deliciously evoked the high spirits of this enchanting piece. Then, as daylight at last began to fade, Borodin's String Quartet No. 2 in D transported one from Ireland to some exotic Russian mileu.

I was not, unfortunately, able to stay for the concert at Slane *Castle, Kells, Co. Meath, for* Mozart and Beethoven quintets; but it is Slane that provides the original of all the Festival concert halls. The circular Regency Gothic Ballroom has a ceiling whose exquisite tracery could be spun out of icing sugar; the acoustics are apparently excellent, while a portrait of George IV, who visited the Castle twice, once as Regent and once as King, presides benignly over *the entertainment*.

Aldeburgh Festival

Two pianists

by MAX LOPPERT

Aldeburgh's own pianist-of-all-trades is still gathering his strength before the return to *his instrument* so impatiently awaited of him; so three pianists this year have been his principal deputies, of a calibre that erases all notion of deputising and inspires gratitude for a festival that can win the services of so notable a trinity. Murray Perahia has played chamber music and next Saturday accompanies Peter Pears; Sviatoslav Richter gave a second, unscheduled concert on *Tuesday, of Chaikovsky and* Rakhmaninov; and Clifford Curzon's recital at the Maltings on Sunday afternoon was as *memorable as solo appearances* by this great artist are now infrequent.

He played (from the score) Mozart's C minor Sonata, and on either side of it Schubert—the six *Moments musicaux* and then the D major Sonata (D.850). It was a programme in which the Curzon fantasy, his ability to balance serenity and nervous energy in fine poise, the poetry of his soft touch, find inimitable expression. The *Moments musicaux* were edgily and cloudily sounded, glimmers of essential Schubertian *sweetness peeping* through the blur and the mistakes—in the A flat, that ringing first F sharp minor *forte* chord was a reminder of the bigness of the pianist's tone, never expected to be either quite so solid or so luminous; and also that he has never shirked, or exaggerated, the tragedy implicit in the Schubertion major-minor ambivalence.

By the Mozart, the clouds had cleared. Can no recording company coax this performance, with the dance and the delight of its rhythmic spring, the *absence of musk and rosewater* in its grading of beautiful soft tone, its Classical sense of decorum, into the studio? Mr. Curzon has in fact recorded the Schubert sonata — a masterly rendering the memory of which was utterly eclipsed by Tuesday's live experience. This was an abandoned lyrical outpouring that took the listener to the edge of enchantment and revealed the paths of sadness and loneliness beyond; that spun breathless, dizzying patterns out of the last movement's teetering toy-march *rhythmic movement; and that yet* never seemed flustered or manipulated. Great playing.

Richter's Tuesday afternoon concert, in the Jubilee Hall, was a graceful selection of the small, neglected Chaikovsky for piano, loving (if sometimes long-winded) essays in *valse, chanson triste* and *romance*. The pianist, in powerful and impulsive mood, leaned hard on most of those, bringing a searchlight of lean, flaring tone to bear on music that sustained it with difficulty. By the penultimate *Menuetto scherzoso*, he was more playful, *glittering with romantic melan*choly. The second half brought some big and small Rakhmaninov—the *Moment musical* in C (Op. 16, no. 6) was a roaring start—to contrast a composer who thought through, rather than alongside, the piano. Here the Russian master was in his element. But it was an encore, a spiky, teasing Prokofiev Dance that best suited his presently big-boned, volatile mood.

WORLD TRADE NEWS

Egyptian policy on dividends

By Michael Tingay

CAIRO, June 18.

EGYPT WILL in future pay dividends on joint ventures involving foreign currency by using the official rate of exchange rather than the higher incentive rate.

This puts right an anomaly, first noted in the Financial Times, whereby foreign investors in a joint industrial venture would have received lower dividends than fellow Egyptian investors.

Cabinet sources here have confirmed that the matter, an issue of some sensitivity and embarrassment, was discussed at last Sunday's meeting of the Egyptian Council of Ministers. It was agreed that regulations covering payment of dividends would be altered to create a fair balance.

Under existing regulations—there was a quirk in Egypt's Investment Law No. 43 of 1974—a 20 per cent. dividend would be worth less than 14 per cent. if money were transferred at the incentive rate of 133 piastas per pound sterling instead of 91 piastas on the Egyptian parallel money market system.

At the same Cabinet meeting the go-ahead was given for the development of three industrial zones (or industrial parks, as some of the U.S. companies which will be involved prefer to call them) in the Cairo area.

Covering almost 300 acres in all at Imbaba, Khanka and Basateen, the zones will be rented to foreign companies for about 100 light industrial projects.

A number of companies involved in weaving and the manufacture of ready-made clothing are believed to have committed themselves to renting factory space in the three zones, which are not yet built on.

Contracts Abroad

TYREE INDUSTRIES, Sydney (Westinghouse Electric) has transformer contracts worth $NZ4m. from the New Zealand Electricity Department.

Mounting volume of Austrian exports to Soviet Union

BY PAUL LENDVAI

VIENNA, June 18.

CONTINUED HIGH growth rates in Austrian exports to the Soviet bloc countries this year have helped to check the trend in trade with the West. Dr. Josef Staribacher, the Trade Minister, has revealed that exports to Eastern Europe in January-April 1975, were 35 per cent. above a year earlier.

Exports to the EEC declined 10 per cent. and to EFTA by 8 per cent. The Minister said the figures indicated the stabilising effect of Austria's Eastern trade. Last year Austrian sales to Eastern Europe jumped by 65 per cent. As a result, the East European share of Austria's foreign trade total, excluding Yugoslavia, rose to 18 per cent. during the first four months of 1975.

Dr. Staribacher refuted allegations that such a large share was reason for concern. In the intervening period, the Eastern Europe share of Austrian trade even reached 33 per cent., the Minister recalled, pointing out that Austria had always been dependent on energy imports from the East.

While in the past these had consisted mainly of coal, at present they were natural gas and power. For a small country such as Austria autarchy tendencies would be senseless, he stressed.

Current negotiations with the Soviet Union about increased gas deliveries were going on "in a very positive atmosphere," he added.

Meanwhile, Austria has been hit by the EEC import freeze on cattle. Austria's trade deficit on farm products with the Common Market showed a four-fold rise to Sch.3.1bn. (£82.44m.) last year, compared with 1972.

Export manufacturing areas for semi-conductors

BY DAVID EGLI

GENEVA, June 18.

IMPORTS FROM developing countries of semi-conductors for the electronics industry have grown steadily in the last few years, amounting to $583m. in 1973.

Out of the total, nearly a two-fold increase over 1972, the U.S. alone absorbed $438m., while Japan ($45m.), West Germany ($33m.) and Britain ($28m.) accounted for the bulk of the remainder.

Semi-conductors, are usually processed under international sub-contracting arrangements in low-labour-cost areas such as Singapore, Hong Kong, South Korea and—nearer to the American market—Mexico and the West Indies. But according to a report of the United Nations Conference on Trade and Development (Unctad), the steady increase in demand has resulted in the emergence of other export manufacturing centres, especially Malaysia, the Philippines, Indonesia, Mauritius, Thailand and Caribbean and Central American countries.

One reason for the move to new areas is reported to be the growing difficulty in recruiting sufficient labour for assembly in traditional processing places such as Hong Kong and Singapore. Another appears to be the growing differential between wage rates in the various processing centres.

The Unctad warns that, although the contribution to the development process of such international sub-contracting arrangements may be far higher than generally imagined, there are also certain risks involved.

While sudden switches of sub-contracting demand from one country to another appear exceptional, it is noted that a general decline in demand for semi-conductors, as has taken place in the U.S. since the middle of last year, can lead to severe cuts in production and exports of such offshore operations.

To offset such setbacks Unctad recommends wide diversification both on the supply and the export side of the operation. Efforts should be made to attract companies from various countries engaged in different types of electronics assembly. At a later stage, the shift may gradually be made towards more sophisticated processes, using more skilled labour.

Japan to invite U.K. motor men to Tokyo

By Charles Smith, Far East Editor

TOKYO, June 18.

THE JAPANESE motor industry will reject any proposals for "voluntary control" of its exports to the U.K., a spokesman for the Japan Automobile Manufacturers' Association told the Financial Times to-day.

On the other hand, JAMA is extremely anxious to lessen existing tensions between the U.K. and the Japanese motor industry, and plans to invite leaders of the British motor industry to Tokyo for talks on "mutual problems" after the summer holiday.

Those invited would include the heads of all the main U.K. car companies, including British Leyland, U.K. Chrysler and Ford of Britain as well as the President of JAMA's opposite number, the Society of Motor Manufacturers' and Traders.

In the talks, JAMA would hope to get the British side to understand "the reality" of conditions in the Japanese motor industry, including the urgent need for strict emission controls, which have been cited by foreign car exporters to Japan as a non-tariff barrier.

JAMA would also like to discuss the SMMT charges that Japanese cars have been dumped in the U.K., and to explain the cost structure of the Japanese industry. JAMA says it has not yet approached the SMMT about the proposed Tokyo meeting, but plans to do so shortly.

The statement was made this afternoon in response to Press reports here quoting Mr. Peter Carey, Second Permanent Secretary of the Department of Industry, telling the Commons sub-committee inquiring into the motor industry that "some form" of limitation on Japanese car exports to Britain might be "negotiable in certain circumstances."

JAMA did not comment on the details of Mr. Carey's statement, but the Japanese motor industry is known to have refused a request from Australia for voluntary controls on its exports late last year. Australia eventually imposed quotas on all car imports (including those from Japan), which are still in force.

Japan accounted for 9 per cent. of all new British car registrations in the first quarter of 1975, against 5 per cent. a year earlier. At the same time there was a marked rise in the U.K.'s importance as a market for Japanese car exporters relative to other export markets. The U.K. took 7.3 per cent. of Japanese car shipments in the first quarter against 5.2 per cent.

The Financial Times, published daily except Sundays and holidays. U.S. subscription $190.94 (air freight) $351.88 (air mail) per annum. Second class postage paid at New York, N.Y.

IN BRIEF

EEC aid for Portugal

Sir Christopher Soames announced in Brussels that the EEC Commission has sent Portugal a set of proposals for improved co-operation, including one "for immediate and substantial" financial aid. The proposals, after study by the Portuguese, will go before the Foreign Ministers for a decision before an end-July meeting with the Portuguese Foreign Minister.

Japan steel exports

Japan's steel exports for the 12 months to March 31, 1976, are estimated at $9.11bn., a 25.3 per cent. fall from the preceding 12 months, the government-sponsored Iron and Steel Export Congress estimates—no tonnage figures were given. Unofficial estimates put the level at 28m. metric tons, a 17.6 per cent. fall. In 1975 a price reduction of 10 per cent. to 20 per cent. below the 1974 average of $366 a ton is expected, officials stated.

Energy storage

Asea, Sweden, and ESB, Philadelphia, have formed Exide Asea to develop a capability for design, manufacture, sale and service of battery energy storage plant systems for use by electric utilities and industrial customers to assist in meeting peak loads. Losing only 15 per cent. of the energy in the process, the system, fully utilised, could cut the U.S. energy bill by up to $4bn. annually, it is stated.

Mitsui-Gulf Oil link

Mitsui Industrial Group and Gulf Oil will jointly develop technology to liquefy coal. A pilot plant to improve the solvent refined coal process developed by Gulf will be built at Omuta, southern Japan, by end-1976, with a daily coal processing capacity of five tonnes. After a two-year trial a 10,000 tonnes plant will be built abroad, between 1981-83.

Haldia docks delay

Indian Ministry of Shipping and Transport has told shippers it will not be possible to commission the Haldia docks in the second half of 1975 as hoped. Commissioning will be in February-March, 1976. Civil construction work has been slow, with irregular delivery of equipment from indigenous manufacturers.

Mini-computers

Nippon Electric is to export a Y600m. (£895,000) plant manufacturing wire memory planes for mini-computers to the Soviet Union. The Coordinating Committee for Export Controls (Cocom) recently approved its plant exports to Russia. A memory device for electronic computers and manufacturing plant are on the Cocom embargo of strategic goods to Communist countries. Japanese Trade Ministry officials have said this is the first export deal for plant making main computer parts to the Soviet Union.

Export Contracts

CO-OPERATIVE WHOLESALE SOCIETY is to supply ladies' leather-upper shoes and boots worth £300,000 to the Russian Co-op. It is the third six-figure footwear deal with Russia in the past six months, and 1975 trade is so far up 50 per cent. on last year.

AMERICAN NEWS

Ford to postpone oil tariff increase

WASHINGTON, June 18.

THE FORD Administration *has decided against boosting* the U.S. oil-import tariff again until at least this autumn and possibly never, and it is holding back on its plan for ending remaining price controls on oil.

Administration sources said that another increase in the current $2-a-barrel tariff on imported oil will not be considered by President Ford until at least this September. By then it will be clear what *action Congress will take* on energy legislation and also how significant the world oil-price boost by the international oil cartel will be.

A sizeable price increase by the Organisation of Petroleum Exporting Countries (OPEC) expected this autumn, coupled *with a phaseout of oil-price* controls here if Congress allows it, could negate the need or desirability for another dollar-a-barrel increase in the tariff, administration energy planners said.

The President's energy programme calls for eventually boosting the tariff to $3 a barrel, but one top administration energy official said that it is possible that there will not ever be a further increase. At the least, the tariff probably won't be raised again until this autumn, the official said. The tariff was raised by the President to $2 a barrel, effective June 1.

As for the oil-price controls, the White House is delaying implementation of its previously announced plan to end them and instead will wait to see if Congress comes up with a phaseout of the controls that is acceptable to administration energy strategists.

AP-DJ

More U.S. missiles for defence of W. Europe

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 18

THE U.S. is to assign more Poseidon submarine-launched nuclear ballistic missiles to the defence of Western Europe as part of NATO's efforts to develop a more flexible and selective strategy for the use of nuclear weapons.

The American plan was first announced earlier this month in *the unclassified version of the* Defence Department's report to the Senate Armed Services Committee on tactical nuclear strategy in Europe, which was required under the so-called Nunn amendment.

But it was also discussed by Nato Defence Ministers at *yesterday's meeting of the* nuclear planning group in Monterey, California. The U.S., W. Germany, Italy and Britain are permanent members of this body, *while the other rotating* seats are currently held by Belgium, Denmark, Turkey and Portugal (which withdrew when the Communists came to power).

At the moment, the Nato commander (Saceur) is assigned a small number of Poseidon submarines—believed to be about five—which are usually given targets in the rear of the Warsaw Pact Forces. By slightly increasing the number of submarine-launched missiles under Saceur, Nato will now be able to cover more targets in these areas with greater accuracy and security and with the minimum danger of collateral damage.

This is in keeping with the new strategy of flexible response, under which the Nato allies are developing the option of using their nuclear forces against selective military targets, instead of being committed to a massive attack on Russian population centres in the event of aggression.

The advantage of the Poseidon submarine in the eyes of Western strategists lies in the accuracy, range and low-explosive yield of its multiple warhead, together with its invulnerability to enemy attack. This contrasts with the larger and more damaging warheads carried by the Pershing land-based tactical nuclear missile, and the comparative vulnerability of the strike aircraft on quick reaction alert in western Europe.

The second advantage of assigning more submarines to what is essentially a tactical nuclear role with the Nato commander, is that it will free more Western aircraft from deep nuclear strike work for ground support action. In this connection, Nato hopes to *fit these planes with a new* generation of highly accurate conventional bombs, for use against troops on the ground and Warsaw Pact supply lines.

In addition to assigning more Poseidon submarines to Saceur, the American plan as outlined in the Defence Department's report to Congress, includes the modernisation of its tactical nuclear weapons in Europe, better security precautions and steps to improve the survivability of Nato forces under nuclear and conventional attack.

Ban sought on arms supply to Chile

By Hugh O'Shaughnessy

BRITAIN SHOULD halt delivery of arms to the Chilean Government until such time as Chile meets its outstanding debts to this country. This is argued by three Labour MPs, Mr. Ian Mikardo, Chairman of the International Committee of the Party and Mr. Neil Kinnock and Mr. Martin Flannery of the Anglo-Chilean Parliamentary group in a letter to Mr. Denis Healey.

The move follows the recent *decision of the Chilean* authorities to offer Britain only partial payment of debts due in 1975 and the refusal of the British Government to accede to Chilean requests for a rescheduling of outstanding commitments.

The three MPs suggest that the *Government* must not allow Chile to take delivery of two submarines just completed for the Chilean Navy by Scott Lithgow on the Clyde and block existing arms contracts such as Rolls Royce Avon aero engines and the refit of the Chilean cruiser Almirante Riveros on Tyneside. Chilean debts to Britain this year amount to about £14m.

The letter contests the Chilean Government's contention *that Britain is bound to* accept the terms of the rescheduling agreed with other of Chile's creditors. Britain is not bound by the Paris agreements, the authors say.

Britain must define the present situation as one of default by Chile. The writers say that the junta has radically increased Chile's indebtedness by accepting big new liabilities to U.S. companies nationalised by the last Chilean Government and by major arms purchases from the U.S. These new expenditures were not originally sanctioned by the IMF, *they say.*

POLL RULED OUT

SANTIAGO, June 17.

THE EVENING newspaper La Segunda to-day quoted *President Augusto Pinochet* as saying there would be no elections in Chile during his lifetime or that of his successor.

The paper said General Pinochet told provincial authorities in Concepcion, about 300 miles south of here: "I am going to die one day, and the person who succeeds me will also die. But there will be no elections."

Reuter

Kennedy attacks U.S. arms sales to Mideast

WASHINGTON, June 18.

SENATOR Edward Kennedy charged to-day that the U.S. was helping major Middle East oil-exporting nations to become hooked on what he called the heroin of modern weapons.

The Massachusetts Democrat voiced concern about heavy arms sales to the area by the U.S. and other countries in a testimony prepared for the Senate Foreign Relations Sub-committee. The panel is considering ways to tighten supervision of American arms sales.

Senator Kennedy, who has just returned from Iran, Iraq and Saudi Arabia, said: "In the Persian Gulf, as elsewhere a build-up of arms in any country will almost inevitably lead to a build-up elsewhere. Based on my recent visit to the Persian Gulf, I am convinced that this is true."

Senator Kennedy said that "outside arms suppliers can only make the situation worse, either by their own example, or by sending military support personnel along with the weapons. We are only helping to hook these nations on the heroin of modern arms."

Most of the $8.2bn. worth of American military sales last year went to Iran and Saudi Arabia. Senator Kennedy said that a balance of arms might help promote stability in some parts of the world such as Europe, "but that is not so in the Persian Gulf."

He added: "The territory is too flat, the weapons are too powerful, the distances between countries too short, the rivalries too intense and *complex, and a tradition of a* balance of power totally absent for there to be any hope that a stable military balance can be created by arming all sides."

Reuter

Nineteen in U.S. offshore oil search bid

WASHINGTON, June 18.

NINETEEN companies, including the nation's major oil firms, will apply for new oil exploration rights off the Atlantic coast, Representative William Hughes has said.

Mr. Hughes said that the Interior Department broke a past policy of secrecy in identifying the firms for the benefit of a special Congressional committee. Hughes is a member of a house committee on the outer continental shelf leasing programme, which will open areas off the U.S. coasts to exploration.

Reuter

Scheel ends visit to Washington

WASHINGTON, June 18.

WEST GERMAN President Walter Scheel left Washington for Chicago to-day after a two-day official visit during which he conferred with President Ford and addressed a joint session of Congress.

Secretary of State Henry Kissinger, with whom Herr Scheel had a two-and-a-half-hour working lunch yesterday, said goodbye to the West German leader as he boarded his helicopter.

In Chicago, the West German President will make a sightseeing tour and dine with Mayor Richard Daley and members of the Chicago city council. He will also visit New York before returning home.

In Washington, Herr Scheel expressed concern over Communist gains in Italy's regional elections and warned that the East-West ideological struggle must go on despite detente.

He said in his address to Congress yesterday that the West would lose the battle with the East "unless we see why Communist ideologies are effective in Europe and the third world."

Reuter

FDA to relax rules on drug testing

By Our Washington Staff

WASHINGTON, June 18.

THE FOOD and drug administration will soon join the Federal Trade Commission in making new policies designed to foster competition in the drug industry. The FDA later this month will announce new rules which will no longer require tests for many long-used non-brand named drugs. This move will allow small firms to quickly and inexpensively produce their own version of brand-name products not subjected to patents.

The new FDA policy comes at a time when the FTC decided to promote the advertising of prescription drugs in order to increase competition between pharmacies.

Under present FDA regulations, manufacturers who want to copy other products already on the market are required to duplicate much of the expensive tests required for new drugs. But the FDA has discovered that about 1,400 of the older drugs on the market can be safely sold without such duplicate tests.

BRAZIL NATIONALISES A LOTTERY

The stinger stung

BY DAVID WHITE, RIO DE JANEIRO CORRESPONDENT

YES, SAYS my concierge, who is rarely so amused, of course he knows the numbers. One is Ostrich, two is Eagle, then Donkey, Butterfly, Dog, Nanny-goat, Camel, Sheep, Snake, Rabbit and so on to 25. He can recite them backwards, too.

If that sounds like the *language of a secret society,* you are not far wrong. The animals and the numbers that go with them are part of the key to one of the world's longest-established, most complex and—until now—least legal lotteries. After resisting the efforts of several Brazilian governments to drive it out of business, the mafia of the *jogo do bicho* (animal game) is on the brink of succumbing at last. The cunning of the final "sting" is attributable to the Finance Ministry, and what it amounts to is nationalisation.

In its rudimentary form, the game started life as a publicity gimmick for a zoo in suburban Rio de Janeiro in 1888. Outliving both the zoo and its founder, Baron Drummond, it was already being associated by *the city police chief in 1917* with "robbery, misappropriation, suicide, vagrancy and who knows what else?" In 1941 the much-refined lottery was prohibited.

In clandestinity, the *jogo do bicho* became an institution. To-day, an estimated half a *million people live directly or* indirectly from its proceeds. Until last month, when a government clampdown began to take effect, it was raking in more than £1m. a day in Rio de Janeiro alone. And when the military government installed a new security chief seven years *ago he found that half the city's* policemen were on the gambling syndicate's payroll.

Since the middle of March the campaign against corruption in the former capital has caused most of the lottery's sales outlets to be shut. A number of policemen charged with protecting them have been removed. When it has finished the operation, and tested public reaction, the Government is thinking of *launching its own version of the* same game, alongside the three official lotteries already in existence.

State-run lotteries already play a significant part in the Brazilian budget, netting at least £20m. in taxes each year and channelling a further £40m. directly into welfare, education, and hospital programmes. The country-wide Federal Lottery, which has just increased its top prize to *£115,000, runs twice a week* and has built up an annual turnover of £60m., compared with £4m. when it started in 1961. Half of it is distributed in prize money. Parallel to the Federal Lottery, the 21 states run their own lotteries, which offer more but smaller prizes.

The limited scope of legal betting at first did nothing to dent the stature of the *jogo do bicho bankers,* who had a game where people placed not only money but also superstition and devotion to fate. The only thing that could measure up against *this kind of involvement* was football—and so, in 1970, the year Brazil won the World Cup for the third time in Mexico City, the Federal Savings Bank went into football pools.

This latest addition to the state's gambling armoury, the Sporting Lottery, already has receipts of more than £3m. a week and gives out £1m. in prizes. Based on a combination of 13 matches with a maximum stake of £9, the computerised pools operation has handled £525m. to date. Last year it came out with the two biggest prizes, according to its organisers, ever awarded anywhere, both just under £900,000.

The Federal Savings Bank, in charge of both the pools and the Federal Lottery, will probably now be given the job of launching a copy of the animal game under the trademark of Popular Lottery, or Zooteca. Trial runs are being conducted in Rio and Salvador with the aim of adapting the game to a computer operation, while the hard-pressed *bicheiros* look on with scorn. One looked at an experimental entry card and said: "It's more complicated *than an income tax form.*"

> An estimated half a million live on the proceeds of the "animal game."

To an outsider the workings of the game are virtually unfathomable, and there lies its greatest attraction. There are innumerable ways of betting and innumerable ways of winning, and the minimum stake is less than a quarter of the cost of a state lottery ticket. The Federal Lottery has already absorbed some of its pet peculiarities, such as the inverted *number and the near-miss, but* you cannot buy an official lottery ticket that is a "circled ten" or a "thousand enclosed on seven sides." All kinds of reasons can be found for the choice of number or animal. On St. George's Day so many people bet on the horse that the odds have to be lowered. People bet on birth dates, identity cards, registration numbers on tombstones.

The game, and its organisation, are an integral part of a social fabric. Those who work, or worked, on the 2,893 known sales points in Rio—an average of 10 on each, including lookouts—belong to a private-enterprise system of welfare and justice under the auspices of seven bankers. *The bankers,* such as the famous Haroldo of the city's working-class northern zone, are firmly-established businessmen, running taxi companies and petrol stations, patronising the local sports clubs and samba schools. Living on *the edge of legality, they* perform the role of patriarchs, founding their influence on the unholy trinity of *bicho,* football and carnival.

The game has survived on a reputation for honesty and prompt payment—"safer than a Bank of Brazil cheque" was how the senior banker in Manaus, Amazônas state, described it—and a rigidly and brutally enforced code of ethics. The *family of a bicheiro* receives support while he is in prison and widow's and children's benefits. Vengeance is carried out with the same efficiency that characterises the vendettas of the drug traffic and the Death Squad.

The war on corruption, which has brought charges against several top detectives linked with the narcotics racket, has provided the animal game with its second major crisis. The *first came with the arrest of the* bankers in 1970 (they were later released). An outbreak of anarchy in their absence was settled by a sumptuous summit conference at Coq's Bar on the coast road south of Rio, which fixed the still-valid lottery draw known as the Para-Todos, operating on the four days of the week when there is no competition from the state.

While the game continues elsewhere, in central Rio it has virtually halted, barring a few freelance operators in cars. The bankers have a bargaining point: if the game stops, how do the *thousands of bicheiros,* all carrying the stigma of petty criminals, find employment? And what else are the police*men who have been receiving* £40 a week in protection money going to turn to? They are apparently prepared to wait for the start-up of the Zooteca and the chance of a compromise, or at least for an amnesty.

There still are doubts whether any legal lottery will be as popular, while the Church and a number of politicians are resisting the move. An opposition deputy was recently moved *to ask* "whether the legalisation of prostitution or the Death Squad would be all right if it brought in funds for the State."

The argument in favour of the Zooteca is that the animal game is not going to be shooed away, and it is better to domesticate it. What has in the *past been spent on bankers'* limousines and bribes would be channelled into social amenities, probably including the traditional beneficiaries, the Soccer clubs and samba schools. An application for a share of the funds, in memory of Baron Drummond, who knew not what he started, has already been received from the Society for the Protection of Fauna.

Political arrests in Spain

MADRID, June 18.

POLICE to-day announced the arrest of 29 alleged members of anti-Government groups involved in publishing underground newspapers and distributing left-wing leaflets.

Twenty-seven people were detained in the central Ciudad Real province and two in the Mediterranean port city of Valencia. Police said a great quantity of propaganda material was confiscated. According to the announcement, the Ciudad Real group included Communists, Socialists and non-party moderates forming the local branch of the so-called Junta Democratica, an organisation dedicated to the overthrow of General Franco's Government.

● Doubts about Spain's political future have caused the stock exchange here to plunge to its lowest level of the year. It dropped 1½ percentage points to-day in an accelerating fall. The newspaper ABC said the record 14 per cent. index slide in two months was "sparked by political uncertainties and their possible effects on the economy."

UPI

'Fanfani resign' calls begin

BY ANTHONY ROBINSON

ROME, June 18.

THE FIRST demands for Christian Democrat Party secretary Amintore Fanfani's resignation are now being heard from within the party itself, after the massive Left-wing gains and substantial Christian Democrat losses in last week-end's regional and local elections.

Sig. Carlo Donat Cattin, leader of the Left-wing Forze Nuove (New Forces) faction of the Christian Democrats to-day called for the resignation of Sig. Fanfani and a new party leadership, but expressed deep pessimism at the party's capacity to mend its ways. "How can the party change itself now following the Right-wing shift in its internal balance which has resulted from these elections?" he asked. "If it does change it risks losing those very Right-wing votes it gained by its election campaign."

In this way Sig. Donat Cattin has put his finger on the basic dilemma facing the CD Party which has been made cruelly aware of the need for change at the same time as its capacity for it has been weakened by the extensive Left-wing haemorrhage from within its ranks.

This basic theme of the need for change was also expressed by Sig. Giovanni Agnelli, the chairman of Fiat and president of the employers' federation Confindustria. The electoral result, he said, has to be interpreted as an indication of the desire for change — not only a change in political methods but also a change in the attitudes of entrepreneurs and managers." It is a challenge to which we must all respond. But the shock received will be a healthy one if the politicians are able to discard the bad habits of power and react by offering honest Government," he added.

Sig. Agnelli caused considerable embarrassment to the Christian Democrats prior to the elections by declaring in a magazine interview that an unchanged vote for the Christian Democrats would be taken as a sort of prize for bad Government and patronage. Sig. Agnelli also underlined that the economy needs a massive amount of new productive investment and warned that the election result has made the investment climate more difficult, not only for domestic but also foreign investment in Italy.

Meanwhile the bourses recovered slightly from the heavy losses yesterday but the lira started to come under slight pressure, partly due to the general strengthening of the dollar against most major currencies. Black market rates for the lira have not shown any noticeable difference however, with the dollar quoted at L.640 to-day compared with L635 yesterday.

The first indications of the Communist Party's (PCI) cautious attitude to the new political perspectives which have been opened up by their electoral victory indicate that they are in no hurry to force either early general elections or enter directly into Government nationally.

Veteran Party leader Giancarlo Pajetta summed up the party's general attitude by declaring that the election results have demonstrated that anti-Communism is no longer a valid political card in Italy. Executive committee member Armando Cossutta added that the party's strategy remained that of seeking "an agreement between all the major popular forces." In other words the PCI's line remains that of working for an "historical compromise" between the three major threads in Italian political life — the Communist, Socialist and "popular" elements in the Catholic movement. It is a theory which does not amount to a direct alliance between the PCI and the Christian Democrats as a Party but between Communists, Socialists and those Catholic supporters of the CD Party who generally favour a Left-wing solution to Italy's problems.

According to Sig. Cossuta, the Left-wing gains have increased the possibility of such a dialogue and have also increased the possibility of pressuring the existing Government structure towards a more rational use of resources and the elimination of corruption and patronage. This is another indication that the PCI does not intend to press for early elections, although he also made clear that the Party does not fear such a prospect either.

The Socialist Party (PSI) meanwhile is clearly disappointed that it did not gain more than 1.6 points in these elections, even though this is the first significant rise in its total share of the votes since 1963. But the initial comments of Socialist Party leaders underline their reluctance to enter into a formal four-party Centre-Left coalition Government alongside the Christian Democrats.

Grim outlook for German chemicals as output slumps

BY GUY HAWTIN

FRANKFURT, June 18.

DEMAND in all but a few sectors of the German chemical industry is gravely down and profit prospects are hardly rosy.

Though the annual report of the Verband der Chemischen Industrie (VCI), the industry's trade association, says the current downturn gives no grounds for medium- or long-term pessimism, the fact remains that turnover in the first quarter of the current year is some 9.4 per cent. down on the same period of the previous year.

This, unfortunately, is not the whole picture. In real terms output has fallen even further. The decline in volume production in the first three months of the year compared with the 1974 statistics was a full 15.2 per cent. and, according to the association, there is not likely to be any respite during the summer months. Industry indicators show that there is likely to be no upswing—especially in the all-important export business—during the coming year, says the report. The VCI expects only declines in volume production and falls in cash turnover.

Large sectors of the industry are working considerably below capacity and face severe problems resulting from the fact that although revenue is heavily down fixed costs remain the same. In May this year some 36,000 chemical workers were unemployed, and this month, according to recent reports, the figures have topped the 40,000 mark.

The export business is particularly hard hit. The VCI claims that the fall in volume and turnover is largely caused by a drop in the export market rather than weakening home demand. Exports account for some 44 per cent. of the industry's sales and certainly these have been hard hit.

Both inorganic and organic chemicals are affected by the weakening in demand. But five main areas are suffering particularly — man-made fibres, paints, dyes, plastics and adhesives. Fibres production is really beset with problems and all major producers are operating at well below capacity. At least one of the Big Three has announced that fibres production is running at some 50 per cent. below capacity and this has been echoed by other producers. In private, executives admit the situation is actually far worse.

Profits are likely to be severely curtailed this year which must further depress capital investment while at the same time costs are increasing, particularly in the wages sector. The VCI comments that soon wage costs will be higher than in the U.S.

Consumer demand up

BY NICHOLAS COLCHESTER

BONN, June 18.

THE WEST German Bundesbank cites developing consumer demand as the West German economy's most important source of stimulus. The latest monthly report concedes, however, that this demand is insufficient to compensate for the collapse of demand for exports. The Central Bank is uncertain when the long-awaited economic upswing will come, pointing out that each industrialised country is basing its expectation of a return to growth on the actions of everybody else.

The report explains that the demand of West German households in the first quarter of this year rose by 9 per cent. nominal, or 2.5 per cent. real, compared with the same period last year. Though this compares with a 3 per cent. drop in real GNP in the first quarter, it is a rather weak increase in light of the fact that disposable income in the first quarter was up by 14 per cent. nominal (7.5 per cent. real) on its level a year earlier because of the recent tax reform. The figures show that the public is putting 45 per cent. of its net pay increase into savings.

On the other hand, export orders in March and April were down 20 per cent. in money terms and 24 per cent. in physical terms from the equivalent period of 1974. Exports were down by much less—around 5 per cent. nominal—because industry was still shipping goods ordered before foreign demand fell away.

The bank's concluding paragraph on the economic situation seems to answer recent demands by other OECD countries that West Germany reflate more vigorously. "The Bundesbank has done everything possible to create in the credit markets the necessary starting conditions for a stronger expansion," it claims. "And even greater creation of liquidity in the domestic credit system over the last few months would scarcely have improved domestic financing conditions."

Industrial investment still flagging in France

By Robert Mauthner

PARIS, June 18.

IN SPITE of all the incentives dangled in front of businessmen by the Government in its many reflationary packages two months ago, French industrial investment is still flagging, according to the latest monthly bulletin of the Bank of France.

The reluctance, or refusal, of companies to take the bait is put down partly to their scepticism about forecasts that a new phase of economic expansion is just around the corner and partly to the fact that the Government's investment incentives were not known in detail until the end of May and have not, therefore, had time to have any real effect.

Certainly, the continuing slack in consumer demand has done nothing to incite industrialists and businessmen to abandon their cautious attitude, while not a few of them have seen their competitive position in foreign markets eroded by the spectacular ascent of the French franc on the exchanges.

The Bank of France points out that in May domestic orders in particular remained very slack and the normal summer phenomenon of stock replenishment before the annual holidays has not so far made itself felt. Grave doubts are also being expressed in business circles about the official prediction that France will have a growth rate this year of about 2 per cent. It is pointed out that growth during the first six months this year was negative and that therefore a rate of between 4 and 6 per cent. would be required during the last half of 1975 for the target to be attained.

Most businessmen do not expect a real recovery to take place until the beginning of next year and fears of social unrest in the autumn, when 300,000 new job-seekers come on the market to swell the already very large number of unemployed (currently more than 800,000) are becoming more acute.

Demands that the Government should take quick measures to stimulate consumer demand are therefore likely to become more vociferous over the coming weeks and will no doubt reach a crescendo by the autumn if no action has been taken before then.

Row over 'bugged' telephone remarks

By Jonathan Carr

BONN, June 18.

PUBLICATION of the transcript of a private telephone conversation between two opposition Christian Democrat (CDU) leaders has stirred up a political hornet's nest in Bonn. The action comes on the eve of important leadership talks between the CDU and its Bavarian sister party, the Christian Socialist Union, and only days before the CDU holds its party congress designed to map strategy up to next year's general elections.

The two CDU leaders involved are the party chairman, Dr. Helmut Kohl, and the general secretary, Professor Kurt Biedenkopf. The pair held a Press conference to-day to protest against publication in "Stern" magazine of the text of a phone conversation they held together last October.

Dr. Kohl said the matter had the widest possible significance—for the right to privacy was one of the major attributes distinguishing the federal republic from a totalitarian state.

It remains unclear who may be involved, and Dr. Kohl did not go into details. Some have suggested the transcript may have been made available by "circles close to the government" — a claim rejected by the ruling Social Democrat (SPD) party.

Whatever the truth may be, the timing seems all important. The CDU wants its leader, Dr. Kohl, to be the Chancellor-candidate—that is, the man to lead the combined opposition into the election. The CSU is solidly backing its own leader, Dr. Franz Josef Strauss. The two parties are in the middle of delicate talks to resolve the matter, and the last thing the CDU wants just now is any development reflecting badly on Dr. Kohl.

EUROPEAN NEWS

EEC may freeze aid unless Lisbon moves nearer to democracy

BY PHILIP RAWSTORNE

STRASBOURG, June 18.

ECONOMIC aid to Portugal from the EEC would be frozen if the country did not continue progress towards real democratic government, Sir Christopher Soames, EEC Commissioner for external affairs, indicated in a statement to the European Parliament to-day.

Proposals for substantial financial assistance to be considered by the Council of Ministers next week were intended to establish the economic and social foundations for a pluralist democracy, he said.

Agreeing with the virtually unanimous view of the Parliament, Sir Christopher made clear the aid programme would have to be reviewed, as it had been in the case of Greece, if these conditions were not being satisfied.

Mr. Peter Kirk, leader of the Conservative delegation, with support from Socialist and Christian Democrat MPs, had warned that political events in Portugal could face the Community with a difficult dilemma, though he emphasised that it was the EEC's duty to provide immediate aid.

Sir Christopher said that the Commission's proposals had been made because it believed the deteriorating economic situation in Portugal was jeopardising its political progress. The country's economy was almost stagnant, with rising unemployment and inflation, little investment and a widening balance of payments deficit.

The EEC plans would help to reverse these trends. But no amount of external aid would replace the need for successful domestic policies, he said.

Sir Christopher indicated that, under the Commission's proposals, aid would be channelled immediately into selected investment projects that would be supervised by a joint EEC-Portuguese co-ordinating committee. This would be followed by negotiations for an expansion and extension of Portugal's existing agreements with the Community on agricultural and industrial trade, technical and financial co-operation and the treatment of Portugal's migrant workers in the EEC.

Sir Christopher said that there was no intention of interfering in Portugal's internal affairs. But he added: "This is an internal European problem."

Ministers will discuss rules for multinationals

BY OUR OWN CORRESPONDENT

STRASBOURG, June 18.

UNDER STRONG pressure in the European Parliament to-day for action to control the activities of multi-national companies, M. Albert Borschette, EEC Commissioner for competition policy, said that discussions on the issue were to be held soon with the Council of Ministers.

He warned that in the present state of economic and monetary union, Community action would be severely limited. Real control would imply a harmonisation of legislation on a scale that member states would regard as a threat to national sovereignty, he said.

However, M. Borschette told MPs that the Commission intended to initiate new measures involving workers' rights, fiscal problems, relations between the multi-nationals and developing countries, and co-ordination of controls over mergers, banking and public tenders.

He agreed with Sir Derek Walker-Smith, a member of the Conservative delegation, that the Community's policy should not discriminate against multinationals but said that this did not mean that they should not be subjected to stronger disciplines. The problem, he added, could only be effectively dealt with by concerted action in other international organisations like the UN and OECD.

Accused of "defeatism" by Socialist MPs who claimed that the financial activities of the multi-nationals had been an important factor in escalating inflation, M. Borschette insisted strongly that the Commission had no intention of evading its responsibilities.

Labour Party welcomed

BY ROBIN REEVES

STRASBOURG, June 18.

THE EUROPEAN Parliament's Communist group said here to-day that it looked forward to the arrival of the British Labour Party's delegation at Strasbourg in order to "reinforce the European Left in the battle necessary for the future of Europe."

Signor Giorgio Amendola, leader of the group and a member of the Italian Communist Party executive, made the statement after denying suggestions that the Communist advance in Italy's regional elections would lead to a weakening of links with the Community.

Confidence that the arrival of Labour MPs in Strasbourg would strengthen the Parliament was also expressed by Dr. Garret Fitzgerald, the Irish Foreign Minister, in his farewell speech as President of the Council of Ministers. His term expires at the end of the month, and he said he was sorry he would not be here to welcome the Labour MPs.

However, these messages of goodwill came amid intense speculation over the composition of the Labour delegation and its effect on present arrangements.

Labour plans to take 18 seats out of the total U.K. quota of 36. This would mean that three, possibly four, MPs in the present contingent of 21 would have to stand down. It is a foregone conclusion that Lord O'Hagan, who sits as an Independent, will lose his seat, but the Liberals are promising not to give up two seats without a fight.

The Tories are accepting the loss of only two seats, almost certainly among the disproportionate number of peers in their present Strasbourg delegation. However, pro rata representation here of the Westminster Parliament could require them to make available the third seat. Not only do the Nationalists have to be catered for; but an equal claim to a seat could be lodged by the Ulster Unionist coalition.

Help for school-leavers

BY OUR OWN CORRESPONDENT

BRUSSELS, June 18.

THE COMMON MARKET is to provide special short-term aid for school-leavers and young people under 25 years of age seeking work. This was decided during a late-night session of the Council of Ministers responsible for social affairs in Luxembourg on Tuesday. However, no figure was put for the amount of aid.

The decision represents the minimum which could be rescued from a long and largely barren wrangle in the Council about who should receive priority aid from some 51m. units of account available from the social fund. The Italians insisted that aid should also be given to tackle structural and regional problems, but the nearest they got to this was Council agreement to ask the Commission to make proposals along these lines upon which it could make a decision before the end of November.

The Council did edge towards a solution to the financing of proposed anti-poverty pilot studies in the face of West German insistence that any financial commitment must be of short duration. It gave the go-ahead to spend some 2.5m. units of account this year subsidising the schemes and probably 2.875m. next year.

The Council also agreed Commission proposals for equal treatment for women at work having previously referred back to Brussels for further discussion the parts of it dealing with equality in social security treatment. Since the advisory economic and social committee has not yet examined these proposals the Council decision boiled down to no more than an agreement in principle.

Earlier discussion on the only item to pass muster relatively speedily, the Council agreed to recommend member States to introduce a 40-hour week and four weeks of paid holiday a year by the end of 1978.

Former Belgian telephone chief jailed for corruption

BY DAVID CURRY

BRUSSELS, June 18.

THE FORMER head of the Belgian public telephone authority, M. Germain Baudrin, was to-day sent to prison for four years by a Brussels court for corruption, falsification of documents and abuse of his position as a State employee. The court also ordered that B.Frs.33m. in M. Baudrin's possession (about £400,000) should be confiscated and handed to public charities. M. Baudrin has already served 14 months of the sentence in the form of preventive detention.

The case started in 1973 when an engineer employed in the Regie des Telegraphes at des Telephones wrote to a newspaper alleging that M. Baudrin had cost the authority about B.Frs.6bn. (about £70m.) by arranging for excessively priced contracts to be placed with private companies which had links with members of his family and friends. Last year he was suspended from his post and arrested, and the court case revolved around the central issue of receiving bribes.

Four other people were also found guilty, including his son, Michel, who received a three-month suspended sentence. Other terms ranged from three months to six months suspended or partially suspended together with small fines.

ICELAND'S RUNAWAY INFLATION

Where economists go mad

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

ICELANDERS have a story about a foreign economist who visited them 10 years ago to study their economy and is still under treatment in a mental institute. The poor man failed to adjust to the psychology of inflation, for on their wind-racked, volcanic island, 215,000 descendants of Viking seafarers have lived for decades with a rate of inflation double that of the rest of Europe. Moreover, they have not merely coped with rising prices, but by an unorthodox and irreverent attitude to accepted economic practice (the rate of exchange has never been a symbol of national pride) have at the same time achieved a faster rate of growth than Britain and a standard of living comparable with that of their Scandinavian cousins.

The Icelander can give the private citizen in other countries some sound advice on survival, but his experience is of more dubious value to the businessman, while at the national level he could be about to demonstrate the dangers of addiction to inflation. Last year Iceland topped the OECD inflationary league with a 55 per cent. rise in consumer prices. The new Government which took over last August devalued the krona twice within five months—by 17 per cent. and by 20 per cent. It is having trouble persuading the public to accept a serious cut-back of real earnings and its hesitation in putting its own budget in order suggests that a system adapted to prolonged inflation can sap a nation's political will, even when the nation consists of tough-minded Icelanders.

The Icelanders' answer to their most recent bout of accelerated inflation has been to borrow—at the private, business, and national levels: "Only a fool saves during inflation," is accepted doctrine in family budgeting. The Icelanders' money has been pouring into property, cars, and consumer durables. In contrast with Britain, Iceland has seen something of a private housing boom on the principle that property is the safest hedge against inflation for the private citizen.

The evolution of prices for houses and flats has so far confirmed this assumption. A five-roomed flat of 110 square metres in Reykjavik, bought 16 years ago for IKr.400,000 is now selling at IKr.6m. (just over £17,000 at the present rate of exchange). A married couple, both factory workers, living in Akureyri, Iceland's second largest town, paid IKr.130,000 for the 117-square-metre top flat in a two-flat house 18 years ago; it is now worth over IKr.4m., admittedly after considerable extension and improvement by the husband.

The high standard of housing in Iceland is due to a combination of inflation and do-it-yourself. Between 80 and 85 per cent. of houses and flats are owned by their occupiers. Through the State Housing Fund and loans from a pension fund an Icelander can borrow about half the cost of a new building.

This state housing fund is financed from a 3.5 per cent. payroll tax on all business except fisheries and farming, of which it gets the lion's share. Even bankers sometimes wonder how Icelanders continue to raise capital to supplement their building loans. One important source is the compulsory savings account into which every working man or woman between the ages of 16 and 25 has to pay 15 per cent. of his or her income. These accounts carry low interest rates, but are linked to price indices and can be drawn if the worker marries or becomes a full-time student. As a savings incentive the Government also issues index-linked bonds, but the whole question of index-linking is in the melting pot, since the OECD report on Iceland's economy criticised the system for promoting inflation and the government broke the index link for wages last year.

When in the spring of 1974 the Government stopped the system of automatic price threshold increases of wages and salaries, arguing that it was contributing to inflation, the effect on family budgets was cushioned for a time. Inflation had already pushed wives into work, many men were doing two jobs. Icelanders are used to working extra hours, and two devaluations have helped maintain full employment. The latest statistics, however, show that jobs are becoming more scarce and real incomes have dropped. People are finding it more difficult to meet payments on their heavy borrowing, and fear that a recession, set off by retrenchment, could halt the erosion of debt to which they have become accustomed. Even a lower rate of inflation would still, of course, eat away the debt, but it will take courage on the part of the Government (and understanding from the public) to let wage levels fall further behind prices. It is harder to check inflation once it has become a way of life.

> A system adapted to prolonged inflation can sap a nation's political will, even when the nation consists of tough-minded Icelanders.

Business, too, which had adapted to a 10-15 per cent. rate of inflation such as that of the 1960s and early 1970s, has had to borrow more heavily over the past year. One businessman, for whom 1974 was a record year in production and sales volumes, found that his ratio of own to borrowed capital had dropped from 53 per cent. to 39 per cent., even after he had adjusted the book value of his machinery and equipment. He was paying 17 per cent. on his bank loans, but since the devaluation in February, when the central bank imposed a three-month credit stop, now prolonged, he has had trouble obtaining new loans.

One bank, in assessing a company's creditworthiness, is now satisfied with a 1:1 ratio of short-term debt to liquid assets, where it applied a 1:2 criterion before. A continuous revaluation of assets enables most companies to keep a reasonable debt-equity ratio and to get long term credits. Last year, however, despite the central bank's attempt to apply tight credit, the banks had to mount a major rescue operation for the fishing industry, which was in the middle of an investment boom when caught with heavy stocks, low export demand, and falling export prices. The Banks were borrowing from the central bank at 24 per cent. penalty rates, until towards the end of the year a scheme was worked out for the conversion of short-term loans into longer periods at cheaper rates.

Indeed, the economy has failed to cope with the steep rise of inflationary fever during the past 18 months, set off by the increased cost of imported oil. The current account was in deficit by IKr.15.5bn., or nearly 12 per cent. of GNP, in 1974. Foreign exchange reserves all but disappeared, and the rest of the deficit was financed by long-term borrowing which increased the country's long-term external debt from $250m. to $350m. over the year. The central bank drew on its IMF gold tranche and borrowed from the IMF oil facility. Its forecast is that the external debt will rise to $466m. by the end of 1975, equivalent to $2,167 for each Icelander.

Iceland did have bad luck in that it was hit by a splurge of imported inflation at the same time as the market for fish, its basic export, collapsed. If there is any lesson for Britain on the national level in the Icelanders' handling of inflation during the past decades, it is that—mainly by devaluation and investment—they have kept intact the basis for their export performance, an efficient fishery industry, and are well-placed for the upturn in export markets. A secondary, more controversial effect is that the system is an incentive to earn money; there is no featherbedding in Iceland and the people work hard for their high living standard.

On the whole, however, the Icelandic experience would seem to demonstrate that it is impossible to innoculate even a tiny economy against massive inflation and that, indeed, the habits and systems developed under moderate inflation can delay the application of curative measures.

BANGLADESH

Aid and order

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

PRESIDENT MUJIBUR RAHMAN of Bangladesh, put the polishing touches to his new one-party state when he effectively abolished press freedom this week. He closed 18 of Dacca's 22 daily newspapers, and put the remaining under Government management. He has made Parliament, Party, and Press officially subservient to him and has completely overturned the democratic constitution which was greeted with such jubilation on the first anniversary of Independence, on December 14, 1972.

Strangely, perhaps, the inauguration of the tougher regime coincides with a fresh burst of hope in the West that Bangladesh may be moving back on to the right lines. When the country presented its begging bowl earlier this month to the consortium of rich aid-giving nations it was promised $1.2bn., hardly less than India, a vaster country, will get.

Jute

What caught the eye of the aid-givers was that Bangladesh, after three years of urging, last month devalued its currency, the taka. The daring was disguised: the officially inspired local Press dared not speak of devaluation (which a former Finance Minister said was equivalent to defeat in battle) but of "re-fixing" the exchange rate. Nevertheless, the official exchange rate to-day stands at 30 taka to £1 instead of the overvalued taka 13.96 which had prevailed since independence.

The IMF and other experts hope that devaluation will allow Bangladesh to sort out the tangled mess into which jute—accounting for 85 per cent. of export earnings—had fallen. The move will permit higher taka prices to be paid to jute farmers to encourage them to grow more; that may have created room for a reduction of the international price and give jute a chance against the ever-increasing competition of synthetic fibres. The effective cost of imports on the internal market does not have to rise if the Government can at the same time take firm action to eliminate the scarcity premia paid on flourishing black markets.

Devaluation alone was not the only token of hope. Bangladesh promised other firm action as part of its bargaining for two further stand-by credits from the IMF, worth $75m. It will endeavour to reduce the rate of money-supply growth and to contain inflation: it will encourage savings, investment and enterprise.

The donor nations will deny that the introduction of a new political regime has anything to do with their hopes or their decision to give more aid. Individually they will say that what is going on politically is not their decision but that Bangladesh must not continue to plunge from one disaster to another, and that Sheikh Mujib seems at last determined to pull the country together. However, there are a whole range of caveats.

Bangladesh has not yet given clear public evidence of the nature of its plans to save the economy. The fact that the new system thrusts so much more responsibility upon Sheikh Mujib must be worrying. In the past three years the decision-making process frequently became clogged because even finnicky matters were referred to him.

In the meantime, other leading pillars of society, Sheikh Mujib's cohorts of the now defunct Awami League, used the system and the shortages to their own benefit. They were the main organisers and beneficiaries of the black markets. One of the most important questions is whether their wings have been clipped.

Smuggling

Sheikh Mujib's sympathisers say they have. The devaluation made smuggling across the border less attractive. In addition border patrols have been stepped up. As far back as February, Sheikh Mujib showed that he meant business against the law-breakers taking cover under high office. Then he ordered the removal of tens of thousands of slum dwellers illegally squatting on Government land in Dacca and paying rent to "landlords" who were in fact leading political figures.

But that action showed precisely the limits to the courage of the new regime and the limitations of the new system. The Government did not prosecute the "landlords" in court or purge the new Krishak Shramik Awami League party of its more corrupt elements. But, glancing through the lists of leading officials and partymen to-day, there are few new faces in and few old faces out.

Opponents and especially committed socialists say that what Sheikh Mujib may now be prepared to do is to allow people who have made money (even illegally) to bring it legally into the main stream and try to stimulate the economy. They argue that that would involve condoning illegal acts.

Squatters

Also, authority may have gained from the removal of the slum squatters, but 100,000 or more suffered. The slum dwellers were moved with their tatty possessions to what became mere new slum settlements away from Dacca. At least in the big city they had been able to pick a living from selling goods from their makeshift shop-houses; in their new homes they have no market except people as poor as themselves. Some slum dwellers, of course, refused to go to the new camp sites and trudged back to their villages, where they were to a large extent responsible for the outbreaks of smallpox throughout Bangladesh earlier in the year.

Conventional economic measures, such as stimulating investment in industry and encouraging private enterprise, will not be sufficient to allow Bangladesh to keep pace with the growth of its problems. The growth of a population, now nearing 80m., the poverty, the needs for imports of essential commodities like food grain, oil, cloth, and practically all industrial equipment and inputs, the paucity of export commodities apart from jute, and a bit of tea and leather and fish, are all factors crying for radical solution and change. Export earnings meet only 25 per cent. of essential import costs; even if all the aid is forthcoming, only 20 per cent. of it will go towards long-term development, the rest on essential imports.

Even before this week's ordinance Bangladesh had a reputation as a country where it was unwise to say "yes" or "no" unless the President had said so first. Whatever his many qualities Sheikh Mujibur Rahman is not renowned for administrative genius or bright new ideas. One of the papers brought under Government control, Ittefaq, had the reputation of keeping an eye on major abuses and letting the regime know what the people in the country were really thinking and suffering. Its suppression means that Bangladesh is more than ever likely to tread the straight and narrow road which certainly does not solve its problems.

Egypt agrees to U.S. initiative

CAIRO, June 18.

EGYPT agrees in principle to a resumption of the American initiative to mediate a second-stage Egyptian-Israeli interim agreement, officials said to-day.

They said that this was one of the acceptable alternatives which President Sadat discussed with President Ford earlier this month in Salzburg.

But Egypt will not make a final decision on whether to go along with a revived step-by-step strategy until it has been told about the outcome of the current U.S. Middle East policy reassessment and the results of last week's Washington talks between Mr. Ford and Israeli Premier Rabin.

The officials were commenting on the announcement in Jerusalem yesterday that Israel was prepared to pursue negotiations for an interim agreement with Egypt on the Sinai front. Mr. Sadat mentioned a renewal of the step-by-step strategy as a possible option in an interview with the Beirut newspaper An Nahar published yesterday. In it he said: "While awaiting resumption of the Geneva conference, there can be another attempt at the step-by-step approach to achieve what could not be achieved at Aswan and other steps to follow."

Officials said that Sadat's mention of "other steps to follow" was a reference to Egypt's demand that any second-stage Sinai agreement should be followed by a similar one on the Syrian front.

UPI

● Egypt has imposed new restrictions on travel to Libya following the deterioration in relations between the two countries. Cairo newspapers reported to-day that Egyptians travelling there require special permits and that tourist travel is banned.

Reuter

Our Tel Aviv correspondent reports: A low-level diplomatic negotiation, via Washington, is expected to continue for the next two or three weeks before a final assessment can be made of the prospects for an Israeli-Egyptian interim settlement, officials said here to-day. But they offered some signs of encouragement about eventual agreement.

After a seven-hour long Cabinet session last night, Mr. Rabin and other Israeli negotiators were formally authorised to pursue the talks towards an interim settlement, amid a willingness to "re-examine its position if there are parallel changes in Egypt's positions of last March."

The recall to Washington of the U.S. Ambassador to Cairo, Mr. Herman Eilts, is seen as the first step in accelerating contacts through what Mr. Rabin has called the normal diplomatic channels rather than a high-profile Middle East tour by Dr. Kissinger or one of his senior State Department aides.

On return to Egypt, Mr. Eilts is expected to convey the details of the Israeli revisions, as already suggested by Mr. Rabin.

Israel tariffs down

BY OUR OWN CORRESPONDENT TEL AVIV, June 18.

TEL AVIV's stock exchange and retail businesses registered relatively little reaction to-day to the 2 per cent. devaluation of the dollar-linked pound last night and the start of a new system of adjustments of the exchange rate of up to 2 per cent. per month.

Treasury officials said that an immediate 0.1 per cent. increase in the cost of living was expected as a result of the move, which the Government said was dictated by Israel's need to improve its balance of trade position in the face of new opportunities and risks created by the preferential trade agreement with the EEC.

One effect of the devaluation is to allow a 10 per cent. reduction in tariffs on some 1,400 import items effective from July 1, meaning an earlier start to the progressive tariff cuts leading up to the eventual free trade with the Common Market.

The Governor of the Bank of Israel, Mr. Moshe Zanbar, emphasised that the creeping devaluation as an incentive for export growth was meant to substitute for the Government's present use of a special export-earned dollar exchange rate as well as the import duties, which in fact violate International Monetary Fund qualifications for the hard currency loans that Israel has been drawing.

Cairo to get £E500m. loan from Kuwait

By Michael Tingay

CAIRO, June 18.

EGYPT is expecting a massive package of financial assistance from the Arab oil states including £E500m. from Kuwait, it was learned here from authoritative sources. The money from Kuwait, will be paid in dollars by the end of July.

The loan is repayable over a medium term at between 3-4 per cent. as the arrangement stands at present, according to other financial sources. Other Arab oil money loans will also be on concessionary terms.

The arrival of the much needed cash means that Egypt will be able to update its repayments on short term commercial external debts. For six months Egypt has been making strenuous efforts to transfer its indebtedness from the short term to medium and long term loans.

Egypt's economic minister Dr. Zaki Shafei said that he would not deny the figure for funds from Kuwait. He also confirmed that there was a very large sum of money about to come from other oil producers.

The belief in Egyptian financial circles is that the setting up of an international consortium to help Egypt, hinted at recently in Salzburg by U.S. Secretary of State Dr. Kissinger, has receded though officials say that there still are moves continuing, on an international basis, to provide Egypt with assistance. The sources said that a £E100m. package was being negotiated with Japan and a larger deal with West Germany.

Egypt is also hoping for aid from the U.S. of $300m., as well as a package of technological assistance and 500,000 tons of wheat.

Faisal's assassin beheaded

BEIRUT, June 18.

PRINCE FAISAL bin Musaed was publicly beheaded in Riyadh to-day for the murder of his uncle King Faisal, witnesses in the Saudi Arabian capital said. In a telephone call to Beirut, a Saudi newsman said the prince died before thousands of people gathered in front of Al Hokm palace. They applauded the executioner each time the sword rose and fell at one-minute intervals. The execution was drawn out to increase the suffering of the assassin.

The crowd hailed the late king when his nephew, who had been bound and blindfolded, lay dead. They were given 15 minutes to view the body before it was driven from the square. All traffic was diverted from the area, newsmen said. Authorities banned all photographers.

Prince Faisal, aged 27, shot his uncle on March 25 while the King was holding court on the birthday of the Prophet Mohammed.

Riyadh Radio announced earlier that the Prince had been found guilty after a secret trial before the nation's high religious court. The Prince was the first member of Saudi's Royal Family to be tried and executed.

UPI

India election chief's powers

By P. C. Mahanti

CALCUTTA, June 18.

Mr. T. Swaminathan, India's chief election commissioner, has upset the opposition political parties with his statement that the election commission has the powers to remove electoral disqualifications imposed by a court on a citizen for corrupt election practices.

The opposition politicians say that the statement, made in response to Press questioning, could influence the judgment of the Supreme Court when it considers the appeal of Mrs. Indira Gandhi.

Japan aircraft chiefs in crucial U.S. talks

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, June 18.

THE LEADERS of Japan's three major aircraft companies are due to hold talks with the Boeing company in Seattle next Monday on an issue which could settle the future of the Japanese aircraft industry for some years ahead.

The issue is the future of the long-delayed YX project in which Japan, Boeing and the Italian State-owned aircraft manufacturer, Aeritalia, were supposed to join hands to build a three engined wide-bodied civil airliner.

The YX is now in a critical position because of the slump in demand for aircraft throughout the world and because of basic disagreement between Japan and the U.S. about how the project should be implemented. Unless Monday's talks produce an unexpected breakthrough, there is a strong possibility that Japan may withdraw from the project, or at least postpone it indefinitely.

The agenda for Monday's meeting is (1) Boeing's demand for a substantial down payment from Japan as a precondition for the start of joint development studies and (2) Japan's demand for "autonomy" in its own execution of the project. The Japanese aircraft industry has apparently been authorised by the Ministry of International Trade and Industry to offer Boeing up to $50m. as Japan's initial payment, but this may well not be accepted. Boeing apparently puts Japan's share of total YX development costs at around $250m. and would like a substantial part of this in advance.

The "autonomy" issue covers the question of whether Japan will be allowed full access to the technology involved in the development of the YX or would be treated merely as a sub-contractor.

The reason why the talks are crucial is that the Ministry of International Trade and Industry (MITI) which is sponsoring the YX project on the Japanese side may be unable to obtain further funds for it unless joint development starts very soon. MITI currently has a total of Yen3.3bn. (about £4.8m.) appropriated for YX development, but 75 per cent. of this is earmarked for joint studies with Boeing and cannot be used until outstanding problems have been sorted out.

If the YX project is dropped, Japan will need to find another project in order to prevent a rapid decline in the industry's work load. The possibilities in the civil field include joint development of a new version of the DC-9, with the Japanese industry playing a minority role, or a 50-50 joint venture with British Aircraft Corporation for modification of the BAC One-Eleven.

BAC has been pushing its One-Eleven proposal very actively during the past year and will renew its approaches next month when its managing director for sales, Mr. John Ferguson-Smith, is due in Tokyo. MITI has so far refused to give any encouragement to the BAC One-Eleven proposal, but it could adopt a more positive attitude if it becomes clear that the YX plan no longer has a future.

Moscow warns Tokyo

MOSCOW, June 18.

THE SOVIET UNION has issued its strongest warning so far against the inclusion of a controversial clause in the proposed treaty of peace and friendship between China and Japan.

TASS to-day published a statement on the subject which a Japanese Embassy spokesman said was handed over last Thursday by Foreign Minister Andrei Gromyko to Japanese Ambassador Akira Shigemitsu.

The statement said the Soviet Union hoped that "the Government of Japan will not undertake anything that could be detrimental to the development of relations between the USSR and Japan."

Negotiations on the treaty are now in the final stage and Japanese Prime Minister Takeo Miki has publicly promised that the treaty will be ratified during the present session of the Diet. But he has faced opposition from those who fear the treaty might upset Japan's relations with the Soviet Union.

The point at issue in the proposed Sino-Japanese treaty is a clause which Peking wants to insert condemning any attempt by third parties to assert hegemony in Asia.

Reuter

INTERNATIONAL DIAMONDS INDICES

New York-London-Antwerp-Milan

Ref. N. 7562 US $ per carat		0.5 ct	1.0 ct
River	IF	3.742	10.531
	VVS	3.087	8.141
	VS	2.546	6.482
	SI	2.164	5.509
Top Wesselton	IF	3.150	8.390
	VVS	2.570	6.501
	VS	2.079	5.405
	SI	1.787	5.494
Wesselton	IF	2.664	6.735
	VVS	2.072	5.144
	VS	1.628	4.071
	SI	1.384	3.460
Top Crystal	IF	2.064	5.216
	VVS	1.557	4.020
	VS	1.340	3.368
	SI	1.139	2.863
Crystal	IF	1.683	4.337
	VVS	1.295	3.342
	VS	1.115	2.801
	SI	947	2.381

Source: ITALIANA D'INVESTIMENTO S.p.A. Piazzetta Umberto Giordano 4 20122 MILANO

HOME NEWS

£91m. loans offered by Finance for Industry

BY MARGARET REID

LOANS TOTALLING £91m. have been offered by Finance for Industry to companies, and accepted by them, since FFI's new £1bn. medium-term lending facility was launched early this year, it is understood. About £20m. of this has already been advanced.

Altogether, the Board of FFI, headed by Lord Seebohm, has approved loan applications of some £125m. since the facility was established following an initiative in last November's "little Budget" although not all the offered advances have yet been accepted.

The scheme, launched to boost the supply of funds to finance industry's capital investment, was widely regarded as the brain-child of Mr. Harold Lever, who is Chancellor of the Duchy of Lancaster and a close adviser on economic matters to the Prime Minister.

The shares of FFI, formed in 1973 from the amalgamation of Finance Corporation for Industry and Industrial and Commercial Finance Corporation, are owned by the Bank of England and the big clearing and Scottish banks. Under plans for the organisation's expansion as a major source of medium-term capital for industry, it has been intended that these shareholders should put up £85m. of further equity capital in due course.

It is now learned that, in a rights issue completed before March 31, 1975, the end of FFI's financial year, the shareholders have already provided £25m. in this way. The Bank of England holds 15 per cent. of the shares.

Applications for loans under FFI's new facility, which do not appear to have been dampened by the recent raising of some £624m. of finance through companies' own rights issues, are understood now to have reached a total of well over £500m. The bulk of these applications are still under consideration.

Details of loans sought from, and approved and made by, FFI are not revealed by the lender. One company which has disclosed that it has raised cash from FFI is Slough Estates, which borrowed £5m. It is also known that Chrysler U.K. has applied for a loan of some £35m.

FFI, which incurred a near-£2m. loss for the six months to September 30, 1974, after £5.3m. of provisions, is due to announce its 1974-75 results on about July 8.

Social contract only answer—Murray

FINANCIAL TIMES REPORTER

A STRONG defence of the social contract was made in London yesterday by Mr. Len Murray, the TUC general secretary.

He told a conference organised by the British Institute of Managers that he found it difficult to understand why some of the "so-called Left" attacked the social contract. "I do not know what they think they are going to put in its place; perhaps they want instant socialism at a stroke."

The essence of the problem was that unless the unions or the TUC were able to do something for the Government, the Government would not be able, or willing, to do something for the trade unions.

Objectives

He ruled out wage restraint as a permanent solution for the nation's future. "The problem is that productivity has not gone fast enough."

Mr. Murray maintained that the central issue was how to establish overall agreement on objectives—and how to get people to make their actions conform to those objectives.

The first thing was to get agreement on the facts, identify the changes necessary and involve people in the solutions. Those three components added up to what the TUC considered a recipe for economic planning.

"The basic issue is not about wages: it is about how we improve our economic performance," he warned.

Sir Frederick Catherwood, director of the British Institute of Management, urged the Government not to increase public spending in order to maintain employment.

"The last thing the Government needs to do in this present crisis is to expand Government expenditure to maintain employment. So if the money-lenders want us to cut back Government expenditure, then we should happily do so."

Sir Frederick accepted the need for public spending on houses, hospitals, schools, roads, universities, power stations and town halls. "But we must keep a sense of proportion," he said. None of these were direct earners of export currency or provided new jobs in the scale we now required.

Sir Ronald McIntosh, director-general of the National Economic Development Office, said the first crisis which Britain faced was inflation, but just as immediate was the failure to tackle the underlying problems of low productivity and competitiveness.

He urged a three-year plan or programme under the aegis of NEDC designed to maximise the use of existing resources and give higher priority to manufacturing industry.

£5.5bn. deficit forecast

THE GAP between Government spending and revenue is now so great that the Government deficit inevitably rises with inflation; and rises in prices, rather than wages, cause the deficit to increase faster than the rate of inflation, according to calculations made by stockbrokers Phillips and Drew.

The report also estimates that, if the spending and revenue trends shown in the first two months of the present financial year held good through the rest of the year, the Consolidated Fund deficit would reach £5.5bn., against a Budget estimate of £2.7bn., and the whole public sector borrowing requirement would rise from the official estimate of £9bn. to over £12bn.

African confidence in British Caledonian

BY LORNE BARLING

THE HOUSE of Commons West African Affairs Committee was warned yesterday that any uncertainty about the future of British Caledonian, whose operations are now under review, could damage relations with Africa.

Mr. John Cordle, MP, chairman of the committee, said that countries like Nigeria were expanding rapidly and it was important that confidence in Britain's flag carrier should not be endangered. At present, Nigeria was very satisfied with the service.

A statement issued later said that since BCAL tok over the routes between London and Accra, Kano and Lagos five years ago the British share of the market had increased despite intense competition.

"BCAL provides a positive contribution over a wide trading area, but there is evident need now to demonstrate the long-term stability of these routes, which are an integral part of BCAL's wider market.

"There is understandable foreign feeling of uncertainty, and rumours of punitive interference, such as stem from the present review of the Civil Aviation Authority, are bound to affect confidence."

This would benefit only foreign airlines and the states concerned and British interests would be harmed. Positive encouragement of BCAL would help to improve the situation

Rate of industrial price increases slows

BY PETER FOSTER

THE RATE OF INCREASE in industrial prices in May slowed to its lowest level for more than a year, according to the latest survey from the Institute of Purchasing and Supply, published to-day.

The institute's Price Monitor—which is based on increases notified by a cross-section of private and nationalised industries and local government—showed that there were 196 price increases during the month, the lowest level since the monitor was started in 1973, and that their average fell for the third month running, to 10.10 per cent. from February's peak of 14.71 per cent.

The figures confirm the downward trend in manufacturers' prices indicated last week by figures from the Department of Industry, but the institute warns that the slowdown could be short lived given the continued rise in wage costs.

"With wages costs continuing to escalate at their current rate," it says, "companies must be facing severe problems in meeting other expenditure. The trend towards fewer price rises in the current inflationary climate could lead to financial imbalance in the not so distant future."

It continues: "The current indications suggest that companies will shortly have to recover the high wage costs being paid now, if they are to secure adequate investment in production capacity for when demand returns."

New insurance control rules

NEW REGULATIONS have been published to enable the Secretary of State for Trade to decide whether an individual or company is fit and proper to become controller or chief executive, a director or a manager of an insurance company.

The information demanded will help the DoT to decide whether a prospective controller is a proper person and is intended to avoid difficulties which could arise if a controller is found to be unfit later.

Under the regulations the Secretary of State must inform the prospective controller if he intends to find him unfit and allow representations to be made.

No particulars of the DoT's grounds need be given in the case of new entrants to positions of control or executive function.

Where the complaint is against existing controllers, the DoT must give particulars of its objections.

Control of fitness is seen by the DoT as an important element in the controls it can exercise over insurance companies and it is intended to exercise the new power with the objective of ensuring that, where there are doubts, the interests of the insurance company's policyholders rather than the interests of the prospective controller, should be paramount.

On the other hand, it is recognised that judgment of "fit and proper" persons must in the end be subjective (and can be challenged in the Courts or through Parliament) and must therefore be an imperfect barrier to new entrants to the insurance industry in some marginal cases.

Men and Matters Page 22

Paper output stays at low level

BY LORNE BARLING

PRODUCTION of paper and board in the U.K. is continuing at a very low level and prospects of an improvement in demand are poor, the British Paper and Board Industry Federation said yesterday.

Provisional figures for the first five months of the year showed a volume reduction of 22.9 per cent. compared with the corresponding period for last year. Imports also declined by 20.6 per cent.

The federation said: "Many mills are currently operating at around 50 per cent. of capacity, reflecting the continuing process of destocking by customers as last year's excessive increases in inventories are reduced. The lower level of U.K. economic activity is also affecting demand."

Compared with the first quarter of the year, newsprint production appeared to improve slightly, according to official figures for the first four months. Production rose from 23 per cent. below last year's level to 19 per cent. below.

Printings and writings fell from 20 per cent. down in the first quarter to 22 per cent. down in the four months, with falling demand attributed to abnormally low stock levels being held by customers.

In the board sector, there has been little improvement, although it is felt that the market has reached bottom and there have been signs of some grades picking up. But increased taxation on cigarettes has been a severe blow to some suppliers of board.

Despite heavy pressure on Scandinavian suppliers of certain grades, due to the decline of sterling value, prices on most grades have remained steady so far. However, it is now generally agreed in the industry that no significant upturn in production is likely until the end of the year.

Nevertheless, Kimberley-Clark yesterday announced an expansion plan for its mill at Prudhoe, Northumberland, where disposable paper products are manufactured. About 300 new jobs will be created.

The final decision on a plan to double capacity has not yet been made. The company said it would depend largely on the economic situation and the rate of growth in the paper products market in particular.

PRODUCTION OF PAPER AND BOARD

	April 4 weeks 1975 '000 Metric Tonnes	January-April 17 weeks 1975 '000 Metric Tonnes	4 mnths. 1975 of 4 mnths. 1974
Newsprint	34.4	113.9	−19%
Printings and writings, papers and boards	69.2	317.7	−22%
Food wrappings	3.5	15.0	−29%
Kraft wrappings	10.1	51.1	−22%
Other wrapping and packing papers	66.9	238.7	−27%
Household, toilet papers and tissues	29.0	117.5	+ 3%
Other tissues	1.7	7.5	+ 6%
Industrial and special purpose papers	15.9	59.7	−37%
SUB TOTAL	230.7	921.3	−21%
Packaging boards	52.1	224.4	−29%
Boards for industrial and special purposes	14.7	54.4	−24%
Other boards	3.7	12.7	−21%
TOTAL BOARD excluding printing and building board	70.5	291.5	−28%
TOTAL PAPER AND BOARD excluding building board	301.3	1,212.6	−23%
Building board	1.9	7.7	− 3%
TOTAL PAPER, BOARD AND BUILDING BOARD	303.2	1,220.4	−23%

Totals do not always add due to rounding

Volkswagen Polo makes U.K. debut in September

BY TERRY DODSWORTH

THE Volkswagen Polo, smallest—and last—of the new range of VW small cars, will make its appearance in Britain in September. With a 900 cc. water-cooled transverse engine, it will be the first VW to have a power unit of less than 1,000 cc.

The Polo bears a close family resemblance to the Golf, which last month registered 2,510 sales in the U.K., second only to the Datsun Cherry among imported cars. It was styled by the Audi NSU design team, with the Italian designer Bertone acting as consultant and shares the same basic body shell as the Audi 50.

Overall length is 11 feet 6 inches (about 1 foot 6 inches longer than the Mini 850), and VW claims average fuel consumption of 40 mpg on two-star petrol in normal driving conditions.

Wages and earnings

	Basic weekly rates July 1972=100	Percentage increase over 12 months	Index of average earnings** Jan. 1970=100	Percentage increase over 12 months
December 1974	157.1	29.4	208.3	29.4
January, 1975	158.9	29.1	206.2	33.6*
February 1975	161.1	29.9	209.9	34.4*
March 1975	168.1	33.5	212.8	27.9
April 1975	168.3	32.2	215.0	30.5
May 1975	174.2	32.6	—	—

*Earnings in Jan./Feb. 1974 were depressed by 3 day week. **Seasonally adjusted.

HOME NEWS

The day oil finally came ashore

BY MICHAEL CASSELL

ISLE OF GRAIN, Kent, June 18.

IT WAS, in the words of Mr. Anthony Wedgwood Benn, the newly-appointed Secretary for Energy, "an historic day of celebration" as the first oil extracted from the U.K. sector of the North Sea finally came ashore.

The historic spot chosen for the ceremony was British Petroleum's Isle of Grain refinery on the Thames Estuary and the honour of turning the valve which set the oil flowing from the Liberian tanker Theogennitor on to British soil fell to Mr. Benn, who was at pains to point out that although his ministerial responsibilities were new ones, he had been Minister of Power back in 1969.

The valve-turning ceremony itself was a few minutes early, which was certainly more than could be said for the oil itself, originally due from the Hamilton Brothers Argyll Field towards the end of last year. But neither that nor the fact that the nation's overall oil development programme is now running up to 18 months behind schedule was allowed to spoil yesterday's proceedings.

One of top ten

Mr. Fred Hamilton, chairman of Hamilton Brothers, the major partner in the five-company U.K.-U.S. consortium which has brought Argyll to production in about two-and-a-half-years, reminded assembled guests that June 18 had already been assured of a place in the history books as the day on which the Battle of Waterloo had been fought out, while Mr. Benn, on a predictably more technological than historical note likened the proceedings to the first run of Stevenson's Rocket.

The Minister had earlier swept down the Thames from London by hydrofoil to the Isle of Grain to thank, on behalf of all the British people, those who had made the landing of oil possible "from such a brutal environment." He was not, he emphasised, in any position to make statements on energy policy, but merely wished to enjoy the significance of the occasion.

North Sea oil, Mr. Benn said, would not on its own solve the nation's problems, but Britain could now look forward to the early 1980s when it would rank among the world's ten largest oil producers and could boast "infinitely greater" energy resources than any other European nation. The part that coal and natural gas would play in this should not, he added hastily, be forgotten.

Fair return

Perhaps only too well aware of the part which foreign operators had played in developing the Argyll, as well as other North Sea fields, Mr. Benn continued, "The nation will expect us to make the largest possible British contribution to the development of our own oil resources. The Government expects North Sea oil operators to buy British wherever possible. We must raise the British share of equipment and supplies to well above its present level of under 50 per cent.

"It is also the Government's responsibility to make certain that our oil resources are used wisely for the benefit of Britain as a whole and to see that the British people receive a full and fair return from its development."

The Argyll itself, in which Hamilton Brothers are partnered by Rio Tinto-Zinc, Associated Newspapers, Kleinwort Benson and Texaco, will be a relatively minor oil field producing 35,000 barrels a day, or 2 per cent. of Britain's oil requirements. It will, nevertheless, save about £60m. a year on the U.K.'s balance of payments.

By 1980 or 1981 the U.K.'s North Sea reserves will enable the nation to become self-sufficient in oil and the current import bill for oil of £3,500m. should be completely eliminated.

As the first 15,000 tons of U.K. oil flowed on shore, Mr. Benn returned to London to brief himself on a series of forthcoming meetings with nationalised industry heads, which may prove somewhat less satisfying than yesterday's Ministerial duties.

Terry Kirk

Mr. Anthony Wedgwood Benn (right) turns the valve to bring ashore Britain's first North Sea oil, aboard the tanker Theogennitor at the Isle of Grain BP terminal. Helping the Energy Secretary Mr. Frederick Hamilton, chairman of Hamilton Bros.

Chancellor praised by retiring SE chairman

By Margaret Reid

APPRECIATION OF the helpful approach of Mr. Denis Healey, Chancellor of the Exchequer, to problems which last year beset the Stock Exchange concerning the raising of capital for industry was expressed yesterday by the Exchange's retiring chairman, Mr. George Loveday.

Mr. Loveday, who next week hands over to Mr. Michael Marriott, pointed to the improvement in communication with Whitehall and the present "almost continuous discussions with the Department of Trade and the Treasury."

"Mr. Healey particularly has adopted a most constructive approach" he said in London, adding that he thought they had been able to persuade the Government that it had not been the stock market's fault that needed cash for industry could not be raised in 1974.

He also pointed to the improved situation in 1975 and noted that the £624m. total of rights issues in the past four months to raise cash for British industrial and financial companies was "getting very near a record." It compared with the previous peak of £680m. in 1972.

Referring to the chairman's liaison committee, he said this enabled the Exchange to discuss policy matters — for example, the recent changes in commission arrangements — with other City associations.

Crosland promises slaughter of housing's 'sacred cows'

BY JOE RENNISON

THE GOVERNMENT'S housing policy will not in future be influenced by any "sacred cows," political or otherwise, that have contributed to the country's present housing mess, according to Mr. Anthony Crosland, Secretary of State for the Environment.

"I shall set to with enthusiasm if I am convinced that the slaughter of some of these expensive beasts will result in better housing," he said.

Speaking yesterday at a Housing Centre Trust conference in London, Mr. Crosland emphasised that the country must find a system of housing finance that was more equitable and efficient than the present "dog's breakfast." The answer to the problems is at present being considered by the Review of Housing Finance Committee which includes representatives from many parties interested in the housing sector. The committee's findings are expected to be made public by next spring.

Britain needs more reward for talent, says Sir Keith

BRITAIN needs more inequality, more reward for talent, if it is to reduce poverty, Sir Keith Joseph said yesterday.

Sir Keith, Conservative spokesman on policy and research, told students at Bedford College, London University: "If we do not have more inequality we will more and more become a shabby, poverty-ridden slum."

Sir Keith also referred to an anti-inflation plan by the National Consumer Council as being "fundamentally disastrous." The package proposed earlier this month would involve mass subsidies financed by national insurance and linked to a statutory wage policy.

He said: "All employers would immediately face a substantial and unavoidable increase in their labour costs. Those in the private sector would accelerate the redundancies they are facing anyway. Those in the public sector—including many of the most labour intensive industries there are—would simply pass back the extra cost on to their financial deficits."

● Dr. Garret Fitzgerald, the Irish Foreign Minister, will have talks in London with Mrs. Margaret Thatcher, probably to-morrow.

The visit is seen as an attempt to explore likely trends in Conservative thinking towards Northern Ireland.

PROGRESS IN OIL EXPLORATION

Boeing space expertise for Thistle Field

BY MAURICE IRVINE

SEATTLE, June 18.

THE AMERICAN aerospace company, Boeing, has joined companies in the North Sea to offer know-how in at least one field, the billion-barrel Thistle area, 250 miles North-East of Scotland.

Experts from Boeing's space and missiles department are now at work in Britain under a contract to be announced this week with Burmah Oil Development. Acting as consultants in systems reliability—a new role in the oil business—they will provide expertise acquired in the aerospace industry.

"You could draw a parallel between the North Sea race and our troubled U.S. space programme," a Boeing executive told me to-day. After a series of mishaps which culminated in the death of three astronauts in 1967, the U.S. Administration chose Boeing as an outside agency to monitor the space project.

Dr. Russell Hanks, 42, director of Boeing's newly-formed Offshore Systems Projects, said: "Our job is to provide engineering support to the Thistle production platform, the biggest so far in the North Sea, which will stand in 530 feet of stormy water and weigh upwards of 50,000 tons.

"Getting it built, towed hundreds of miles from Teeside, and safely installed, calls for many of the disciplines we applied to a Saturn-Apollo moon launch. Critical scheduling, reliability and safety, not to mention meeting cost targets, are key elements in the contract award."

Expert team

A group of 18 Boeing engineers and experts, headed by Mr. Robert Campbell, who has worked on the Apollo project and Boeing's Houston oil operations, are already in London, a dozen others will follow. After a six-week study on the spot, Mr. Campbell recently reported that many of the engineering problems encountered in the U.K. found a parallel in his space team's space and missile backgrounds.

The Thistle platform tower will dwarf a Saturn launch vehicle. It will be 600 feet high, 250 feet across the base and weigh 27,000 tons. Two of its hollow steel supporting legs, used for floating the structure to its site, will be 30 feet in diameter.

The tower is being built lying on its side at John Laing's graving dock at Hartlepool. It will be floated out next summer and towed by tugs to the Thistle Field. As the compartments are flooded, the tower will sink and tilt upright, then settle on the bottom with about 80 feet showing above sea level.

This difficult manoeuvre—at least one such platform sank while it was being positioned—has been compared with the countdown and launch of a space vehicle. "Events inside the tower will be determined by computer," Dr. Hanks said. "Systems on the structure will get orders from a radio command control similar to launch control on Apollo missions. Simulation techniques will be used for training the men involved, to expose them in advance to every conceivable emergency."

Summer period

The tower will be anchored by 200-feet steel piles driven into the ocean floor, then drilling, processing, power and control modules must be lifted by crane on to the decks, with accommodation for 120 workers.

All this will double the weight of the structure and must be installed quickly in the four-month period of summer weather between May and August, or the installation costs would rise considerably.

The platform, rivalling in height Europe's tallest office buildings, must stand up to winter storms until work can start next spring on drilling 60 wells several miles deep.

Some estimates put the total cost of the project, up to the time the oil begins to flow, at close on £300m. The peak yield should be from 200,000 to 300,000 barrels—at least £2.5m. worth of oil—a day.

"Fabrication of platform components is being speeded up all over Europe," says Mr. Jack Barnes, a Boeing executive. "We started with a series of drawings and, as work goes on, we're constantly suggesting new procedures and safeguards."

'Q's Law'

By such means it is hoped to avert the delays and failures which gave rise to "Q's Law"—named after Mr. Quentin Morris, finance co-ordinator for BP, whose first platform was installed last summer, a year late. This lays down that "no matter what stage of completion one reaches in a North Sea field, the cost of the remainder of the project remains constant."

Turning to the future, Mr. Barnes believes the natural marriage between aerospace technology and deepwater drilling will help win Boeing a good slice of the market as offshore operations expand in this hemisphere. "The North Sea challenge will provide us with plenty more know-how for use elsewhere," he said.

Esso chairman gives North Sea warning

THE GOVERNMENT was warned by Mr. Austin Pearce, chairman of Esso Petroleum, of the dangers of telling the North Sea producing companies how much oil they should extract from their fields.

He told an Institute of Petroleum conference in Stratford-upon-Avon that the Government had direct power over the rate of depletion of oil reserves—"and voices are heard demanding that the oil supplies, particularly from the North Sea, should be spun out over a long period by artificially restricting extraction rates."

But he added: "Where we accept the need for the most careful management of oil and gas reserves, to prolong their economic life, we must also make it clear that the economic consequences of producing at well below the levels for which installations were planned are very serious, unless there are compensating correctives."

It was vital, he added, that the companies made the most efficient use of their current investment, to ensure the resources for future investment in the new methods of energy generation when the oil was eventually used up.

Mr. Pearce said Governments and public opinion simply did not—"or will not"—understand the mechanism which attracted venture capital into projects with such high elements of risk and as long a lead time as major energy developments."

Graythorp II in position

The BP oil platform Graythorp II—which is twice the height of Big Ben—was put into position in the Forties field early yesterday. It left Hartlepool on Sunday, and was towed by tugs to its destination off Aberdeen.

The platform, which weighs 32,000 tons, is believed to be the largest steel structure in the world. It was built by Laing Offshore.

Crash flooding of the 463 feet platform—the third jacket structure for the field—occurred shortly after its arrival and three-and-a-half hours later it was resting safely on the seabed, some 110 miles East-North-East of Aberdeen.

It was less than a year that the first jacket, Graythorp I, was emplaced in Forties field. Crude oil from this platform is expected to flow at a rate of about 30,000 barrels a day in the autumn.

Highland Two, the fourth and final jacket for the Forties field, is now completed. It is expected to be towed out to its location later this month.

Motor dealer wins HP appeal

WHEN A finance company and a motor dealer become the joint victims of a car hire-purchase fraud it has been the dealer who has had to bear the loss.

But by a majority decision in the Appeal Court yesterday the ruling has now been reversed.

The court had been dealing with a case in which a man bought a car on hire-purchase terms from the finance company, Moorgate Mercantile Co., Ltd., and then sold it to a dealer, Mr. Alfred Twichings, of Finsbury Park, London, without having paid any instalments.

The h.p. transaction should have been registered with Hire-Purchase Information, an organisation set up to provide information to combat frauds but it was never filed.

Lord Denning, Master of the Rolls, said HPI was so widely used by the motor trade that if a dealer or auctioneer asked HPI whether or not a car was on hire-purchase, he could rely on the answer as being accurate in 98 per cent. of cases.

Lord Justice Browne agreed that Mr. Twichings' appeal, from a Clerkenwell County Court ruling that he must pay the finance company £479 damages for conversion, be allowed. But Lord Justice Geoffrey Lane disagreed, considering that the court was bound to abide by the Appeal Court's 1961 decision. Judgment was given for Mr. Twichings, but the finance company was given leave to appeal to the House of Lords.

"Who the devil does ITT think it is?"

ITT is an international group of companies owned by an American parent, but run autonomously by local management.

In Britain, ITT's major companies include such famous names as Abbey Life Assurance, Sheraton hotels, and Rimmel cosmetics.

As well as some less well-known names who produce well-known products.

Ashe Laboratories, for example, who manufacture Amplex, Sucron and other familiar household products.

ITT Consumer Products, whose somewhat formal name hardly does justice to its popular televisions, radios and record players.

And Standard Telephones and Cables, ITT's largest British company, in the forefront of world telecommunications.

Unlike Rimmel, their name may not be on everyone's lips.

But like Rimmel, their products certainly are.

ITT

"Does ITT give a damn about Britain's balance of payments?"

Facts can sometimes be uncomfortable.

Especially when they shatter a popular myth.

In ITT's case, the myth is that, as a multinational company, its only interest in Britain is how much money it can get out of it.

And the facts?

Last year, ITT companies in Britain paid over £12 million in Corporation Tax and more than £73 million in wages and salaries. They invested £86 million in new production facilities and £9.5 million in research and development.

This year, these same companies will earn more than £50 million in exports and spend less than £30 million on imports. (And the imports are nearly all essential raw materials.)

After shareholders have been paid a dividend, the net contribution to Britain's balance of payments will still be more than £11 million.

And that's a fact.

ITT

"Why would ITT want to invest in Britain at a time like this?"

For many years now, ITT companies have been investing in the British economy in a big way.

Since early 1970, for example, their investment in buildings, equipment and machinery in the UK has totalled £43 million, much of it in Government designated development areas.

Not to mention the £76 million that went into British research, development and engineering during the same period.

All of which is long term investment, with export and employment implications stretching into the 80s and beyond.

But what about 1975 itself?

And what about all those *gloomy forecasts about Britain's future?*

As far as ITT is concerned, there were good reasons for investing in Britain for the last 50 years. And there are equally good reasons this year.

So ITT companies plan to invest at least another £12 million on buildings, equipment and machinery in Britain during 1975.

Which represents not only a £4 million increase on the ITT average over the last five years, but also a pretty unambiguous vote of confidence in Britain's long term future.

ITT

"Why should ITT care tuppence about British technology?"

With its Headquarters in the United States, ITT might be expected to concentrate its research effort there, too.

But it doesn't.

On the contrary, wherever ITT does business, it also invests in research and development.

In Britain, for example, ITT employs over 2,000 scientists and engineers on research and development, a quarter of them at *Standard Telecommunication Laboratories,* Harlow, the largest of ITT's four major research centres in Europe.

Among the research fields pioneered at Harlow has been that of fibre optics, which has the potential to transmit hundreds of thousands of separate telephone conversations over a glass thread *no thicker than a human hair.*

Apart from playing its part in helping to maintain Britain's status as a technological world leader, ITT's research investment policy has made an impact in terms of hard cash.

Over the last five years, ITT has invested over £38 million in British research, *£11.5 million in 1974 alone.* And if associated engineering costs are included, the five year total comes up to over £76 million.

Which is a good deal more than tuppence in anybody's language.

ITT

What more can we say?

At ITT, we're happy when people talk about us.

We're even happier when what they're saying is based on facts, rather than gossip.

So, over the last few months, we've been running a special corporate advertising campaign.

You may have noticed some of the ads.

(For those of you who didn't, we've reproduced them all above.)

In the campaign, we set out some of the key facts about ITT in the UK, and in particular the relationship between ITT's operations and the British economy.

But four advertisements can't tell the whole story on their own.

So we've produced a comprehensive booklet for people who want more information.

It's called "Facts about ITT in Europe."

As its name suggests, the booklet explains where and how ITT operates throughout Europe.

How many people it employs, and where they come from.

Who runs it. How it's managed.

"Facts about ITT in Europe" is yours, free.

Please use this coupon to send for your copy.

To: 190 Strand, London WC2R 1DU.
Please send me a copy of "Facts about ITT in Europe."

Name ______________________

Address ______________________

____

____

FT1

ITT

ITT companies in Britain include: Abbey Life Assurance, Ashe Laboratories, Excess Insurance, ITT Consumer Products, Rimmel, Sheraton, Standard Telephones and Cables and Standard Telecommunication Laboratories.

LABOUR NEWS

Scottish miners will take tough line against contract

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

THE Scottish miners this week launch their own attack on the social contract with a demand, almost certain to be carried at their annual conference in Inverness to-day, for massive wage increases which would give some underground workers £5,000 a year.

The militant Scottish and South Wales miners are fully expected to line up behind the call for a £100-a-week wage for the faceworker which will be spearheaded at the NUM's annual conference next month by Yorkshire area president Mr. Arthur Scargill. In addition, the Yorkshire and Welsh miners are expected to back their Scottish colleagues in seeking a four-day working week.

But the militants will not have it all their own way, and moderates, led by Nottingham NUM president Mr. Len Clarke are expected to try to head off this bid to tie the union negotiators to such high targets. They suggest that the annual conference sets its sights on achieving "substantial" pay increases.

Ministers have already launched a campaign aimed at influencing the NUM against setting too high a pay target which could seriously affect the TUC's chances of revamping the social contract. The Prime Minister is due to address the national conference where voting on the key wages issue is likely to be close.

Several resolutions at the Scottish conference call for very substantial and immediate increases over the present weekly rates

The amounts listed as the new objectives in these categories range from £70-£75 for surface workers, £80-£85 for underground men and £95-£100 for face workers.

Mr. Michael McGahey, Scottish area president and national vice-president of the NUM, said he hoped delegates would give full support to the maximum claim

He answered "those critics who accuse us of being irresponsible militants and continually remind us of the social contract," by saying that the last wage rise awarded in March had already been substantially reduced by tax and price rises caused largely by the last Budget.

"Even in our own ranks," he said, "there were some doubtful Thomases: but speak to them now and their doubt is whether £100 a week is enough."

Strike at Port Talbot spreads

BY Lorelies Olslager, Labour Staff

ANOTHER 200 men yesterday joined the strike of steel workers at Port Talbot, protesting at the loss of week-end work under BSC's alternative strategy to redundancies, bringing the number on strike to over 3,000.

But full work resumed at the other South Wales BSC plant at Llanwern where some 300 men had come out on Monday over the same grievance.

There were some suggestions last night that the whole of Port Talbot, one of BSC's most important plants, could be brought to a standstill if all the 8,000 members of the Iron and Steel Trades Confederation employed there joined the strike.

But talks between the management and local union officials are still continuing, and a senior union man will be in Port Talbot on Friday. The ISTC executive is expected to discuss the strike situation at a routine meeting to-day.

By yesterday afternoon, the strike had stopped all steel output at Port Talbot.

NEWS ANALYSIS—FORD

The management's turn

BY ROY ROGERS, LABOUR CORRESPONDENT

THE two-month-long strike by doorhangers at Ford Motor's Dagenham, Essex, plant ended yesterday after causing a production loss of some 20,000 cars worth about £40m. in retail terms.

By a narrow majority, the 80 strikers agreed to resume work on reduced manning levels of 21 per shift as opposed to the old level of 26. This interim settlement, which represents a concession by both sides as management wanted 18, will apply pending a two-week job evaluation study and allows full production to resume at Dagenham from Monday.

Ford has made no attempt to hide the fact that the proposed reduction in doorhangers' manning levels were just part of efficiency moves throughout its plants. Shop stewards fear that they may be just the tip of the iceberg of labour cut-backs and production speed-ups which management will try to force through while the depressed car market tilts the balance of industrial power in the company's favour.

These were the main considerations behind the past seven weeks of deadlock when the management insisted that the Dagenham production lines could only be reopened on the revised manning levels—that is, 18 instead of 26 a shift—and the 80 strikers, who received little support from their fellow workers, saying they would only return on the original manning levels.

After five weeks of unsuccessful attempts to get Ford to go to arbitration on the issue, the Amalgamated Union of Engineering Workers and the Transport and General Workers Union eventually gave the strikers official support.

Second place

As a result of this deadlock, all car production at the giant Dagenham complex was brought to a halt and 5,000 assembly workers made idle. But even without any production of the Cortina, Consul and Granada models since the end of April, huge stocks held by dealers enabled the Cortina to take second place in the car sales league last month—with almost 8,000 sales.

Ford was assisted in its May sales effort by its relatively new computerised car locator system which locates models held by dealers so that unless a customer wanted a most unusual specification of vehicle he was satisfied from stocks quicker than ordering one from scratch when the production lines are running normally.

The only car to top the Cortina was Ford's own Escort, notching up more than 9,100 sales. Escort production, however, is at Ford's Halewood plant where, contrary to the short-time working trend throughout the industry, week-end overtime is being worked to keep up with demand.

Ford's May sales achievement reinforced shop stewards' claims that the company was in no hurry to settle the dispute, other than on its own terms.

One leading Ford steward remarked at the height of the dispute that "the unions pick their time to put the boot in, and the company is now doing the same." Ford management was not too bothered about producing cars during May, he claimed, and was more intent on imposing its will on the Dagenham body plant in general and the door-hangers in particular.

The Dagenham body plant is without doubt Ford's main trouble spot with rival Left-wing political factions helping to produce a situation where the plant loses far more days through industrial action than any of the company's 22 U.K. plants.

The door-hangers themselves—who according to management are so over-manned they take it in turns to work—successfully resisted company attempts to reduce their manning levels in 1972. At that time, when the market was buoyant and Ford was still recovering from the ten-week strike it suffered the previous year, the company decided against "taking them on" over the issue.

Now the pendulum has swung and depressed market conditions have given the company the opportunity to push ahead with efficiency moves that they warned of last October at the time the £68m. two-year pay deal was concluded for Ford's 52,000 manual workers.

In the main, efficiency moves attempted so far have been reasonably well received, although in April there was a two-day sit-in by 2,000 men at the company's Swansea axle plant in a dispute over increased performance targets. Stewards attempted to stage similar action at Dagenham over the doorhangers' dispute, but this proved abortive.

By standing firm at a time when they could afford to, Ford has achieved a considerable breakthrough by getting the doorhangers to accept an interim reduction in their manning.

At the same time, the strike and resulting lay-offs have helped to "shake out" many Ford workers — 2,000 have left Dagenham so far this year — making it unlikely that Ford will have to introduce a costly voluntary severance scheme which other motor manufacturers have been forced to adopt to reduce their labour forces in line with the drop in demand for cars.

It will also, for the time being anyway, lift a threat of further short-time working at Dagenham where many assembly workers have been on a three-day week for several months. A company spokesman said yesterday that there would be full working at least until the plant shuts down for the annual holidays on July 25.

Oil tanker drivers add threshold deals to 20% pay rise

BY CHRISTIAN TYLER, LABOUR STAFF

SOME 8,300 oil delivery drivers for Esso and Shell-Mex and BP have secured new threshold agreements in addition to a 20 per cent. pay rise from May.

Set to trigger after a 5 per cent. rise in the retail price index, the thresholds seem likely to give the drivers a further 5 per cent. pay rise—about £2.50 a week—with publication of the June index figure next month. The drivers will get a further 5 per cent. when the RPI moves another five percentage points.

The principal deals—almost identical in the two companies—consist of 15 per cent. new money: the balance of 5 per cent. is the value of existing threshold payments consolidated into basic rates. The main rate, for drivers of 32-ton tankers, moves from £44.85 to £53.85 at Esso and is probably similar at Shell-Mex and BP.

Although a small group, these drivers have considerable industrial power, and last year were among the first to win "topping up" increases ahead of the expiry of Stage Three of statutory pay control last July.

Their double increase followed industrial action that hit fuel supplies and it was negotiated on the advice of Mr. Michael Foot, Employment Secretary.

It underlined fears that post-Stage Three settlements, coupled with Stage Three threshold money, would push the rate of wage settlements up to 20 per cent. by the late autumn.

This year's principal settlement, by contrast, is well within the social contract's guidelines. But the inclusion of a new threshold agreement triggering so early in the life of the deal breaches the Government's own interpretation of allowable future protection.

The drivers are set to collect another 10 per cent. before the end of the year, bringing their rises to the 30 per cent. level already established by many large groups, particularly in the public sector.

ASTMS dispute with GEC 'could hit North Sea oil'

BY OUR LABOUR STAFF

MR. ANTHONY WEDGWOOD BENN has been asked to intervene in his new capacity as Energy Secretary in a long-standing labour dispute between General Electric Company and the Association of Scientific, Technical and Managerial Staffs

ASTMS claims that the dispute, which has stopped all GEC work installing telephone exchanges for the Post Office, could threaten the supply of North Sea oil and gas if it goes on much longer.

All work has stopped on new telecommunications links between oil rigs and computer terminals on shore which will eventually control the flow of oil, the union claims.

A spokesman for GEC dismissed the claim that the dispute could be a serious threat to the supply of North Sea oil. The Post Office would not comment directly but acknowledged that, if and when work should resume, one of its priorities would be to continue the extension of telecommunications links in Scotland and the North East to link up with offshore installations.

claim for pay parity with Post Office engineers. GEC decided in early April to stop all work installing telephone exchanges for the Post Office when the 1,300 ASTMS members it employed on this work started a work-to-rule campaign in support of the claim.

Some 3,800 manual workers were laid off as a result. GEC had been working at some 300 exchanges at the time, and about 90 more were to have been started since.

Mr. Clive Jenkins, general secretary of ASTMS, yesterday told a Press conference that GEC would be a special target in one of the next editions of a new paper the union is launching to enlighten graduates on the job market.

A "cordon sanitaire" had to be erected around GEC for the time being until the company gave better treatment to its qualified and skilled workers, he said.

AUEW conference calls for new economic policy

BY JOHN WYLES, LABOUR REPORTER

THE Amalgamated Union of Engineering Workers' annual conference yesterday followed up its rejection of the social contract on Tuesday with calls for a radical economic policy based on increased social spending, cuts in arms expenditure and controls on the export of capital.

In addition, strong support for a variety of resolutions on nationalisation maintained the AUEW's industrial policy on a firm Left-wing course in the absence of the union's president, Mr. Hugh Scanlon, who left the conference at mid-day so as to take part in TUC meetings with the Prime Minister and the CBI.

Having committed Mr. Scanlon to arguing against the social contract in all TUC discussions on pay policy, delegates yesterday instructed the AUEW president and his national executive to press for an economic programme which, according to one speaker, would "make an enormous dent in unemployment and in Britain's economic problems."

On top of social spending rises and moves against arms spending and the export of capital, the programme calls for an attack on unemployment by increased "purchasing power," pensions and other benefits.

MORE NEW JOBS IN LIVINGSTONE

Livingstone New Town Development Corporation yesterday reported an employment boost which will eventually mean 350 new jobs. Eight concerns are to move into advance factories raising to 20 the total of companies sited on the Houston Estate.

TUC again seeks action on Shrewsbury pickets

BY OUR LABOUR STAFF

TUC LEADERS asked the Home Secretary, Mr. Roy Jenkins, again yesterday to act on the two jailed building pickets.

Mr. Jenkins took no new line, but reminded them that he has allowed a special parole review for the men, Eric Tomlinson and Des Warren.

Tomlinson's parole review may already be under way and complete by the end of the month. Warren's will be in September, around the time of the annual Trades Union Congress when Left wingers could raise the issue again.

Tomlinson, jailed for two years, could in any case be free by October, given full remission, while Warren, with a three-year sentence, could be out by next July. Their applications for parole earlier this year were rejected.

The TUC also pressed its case for an early review of the conspiracy laws as they affect industrial disputes. They were given no sign that the Law Commission, which is looking at conspiracy law generally, would report in advance on this one aspect.

BAKERS UNION SECRETARY DIES

Mr. Stanley Gretton, 54, general secretary of the 56,000-strong Bakers Union, died at his London home on Tuesday night.

He had been general secretary since 1968, and in 1972 was awarded the OBE for work within the trade union movement which included being a member of the TUC general council from 1969.

Agriculture is a major preoccupation of the European Court. But its decisions are overlooked in the U.K., argues **A. H. Hermann**

Some thought for food from Luxembourg

OF THE CASES referred to the European Court in Luxembourg, more than one-third concern agriculture. Most recently the Court has turned its attention to the surviving national marketing systems for agricultural products and, contrary to the EEC Commission's doctrine *in this matter, has outlawed* them.

Bewildering

This radical line reappeared earlier this week in the Conclusions presented to the Court by its Advocate General in the "Sugar Ring" case. M. Henri Mayras found that the Italian national system of pricefixing for sugar left no room for competition (which consequently could not be distorted by the refinery companies previously fined by the Commission) and that the Commission had failed *to take action against the Italian* marketing system, as it could have done under Treaty of Rome rules.

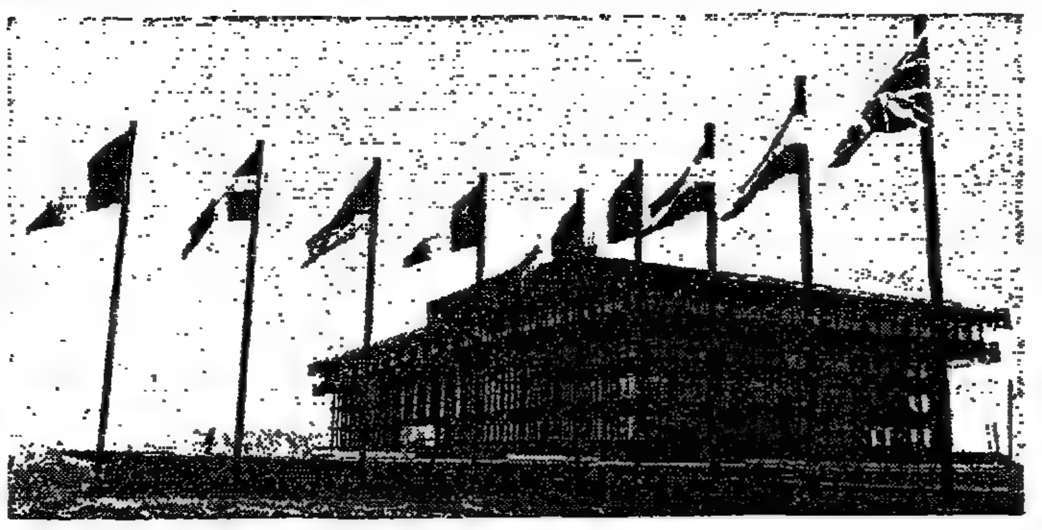
As British food trade is, in comparison with the Continent, free and unprotected by quotas and other restrictions, it can only benefit from such liberalisation of European agricultural markets. The paradox, there*fore, is that so far not a single* British food trader has made use of the EEC Court.

One of the major reasons why British farmers and the British food trade appear to be unaware of the administrative and legal machinery of the EEC devised for their benefit is not so much disinterest but rather the complicated and bewildering nature of the Community regulations. In one of his recent opinions, Mr. Advocate-General J. P. Warner *expressed his* "greatest sympathy with those who call for frequent consolidation of Community legislation . . . since such legislation often has to be understood and applied not only by lawyers but also by traders and officials in the member States under the pressures of everyday work."

Yet as *things are now "it is* difficult for anyone to be at any time confident that he has not overlooked any relevant provisions," he added. Having said that much about the regulations, Mr. Warner gave a 22-page opinion about the form a German exporter is required to fill in under the "general rules *for granting export refunds for* pig, meat."

Interpretation

Even if all the regulations covering EEC transactions are to hand, and annotated with all amendments, there is still the question of their interpretation by the Luxembourg judges. This will often differ from the interpretation of an English court. This point is well-illustrated by the Court's decision in Case 2/75 handed down at the end of May. The reason for the decision was an *attempt by the German Government* to end speculation in cereals by German dealers. When the price of cereals falls the intervention agencies have a duty to buy cereals offered from stocks within their area at a price fixed by the Commission. In 1969 the devaluation of the French franc made it profitable to buy cereals in France and to resell them to the German Intervention Agency. So great was the quantity of grain offered in this way that it threatened to bring the intervention system to a halt.



The Courthouse in Luxembourg: more than one third of the Court's cases concern agriculture but not a single British food trader has yet made use of the Court.

To prevent this, on May 8, *1969, at 6.40 p.m.*, the German Intervention Agency, in agreement with the Commission, stopped accepting offers of wheat and barley unless the grain was harvested in Germany. One of the last to have its offer accepted was C. Mackprang, a Hamburg grain dealer. The German Intervention Agency, however, subsequently revoked the deal when it found that the grain was not actually in Germany at the closing time, but only en route from France.

The German importer, who normally would have had plenty *of time to validate his offer of grain "from a stock held in* Germany," looked to Luxembourg for help, but in vain. The European Court said that the rules of the game must be interpreted with regard to the EEC objectives. The intervention scheme was established to guarantee to producers reasonable prices whenever sales *under normal conditions of* profit were not possible; it was not established to facilitate speculation.

In a similar category but of more direct implication for British food imports is the European Court's rejection of the claim for damages made by the Compagnie Continentale France, Paris, against the Council of the EEC. The French firm, a noted exporter of cereals, asked for compensa*tion amounting to over* Frs.5.7m. for damage which it suffered because the compensatory payments due on exports of cereals from France to the U.K. at the time when its contracts were made, were subsequently lowered by a new regulation adopted by the Council (Case 169/69).

The Act of Accession provided for a number of measures designed to bridge the discrepancy in price levels during the transitional period by compensatory payments. The French exporter complained that the Council fixed the compensatory payments for trade with the U.K. at 42.33 units of account per *metric ton by its resolution of* July 20, 1972, but subsequently amended the amount by a regulation of January 31, 1973, without safeguarding the position of exporters who had already entered into contracts for the 1972/73 marketing year.

Flexibility

In rejecting the claim for damages the European Court pointed out that, according to the Act of Accession, the compensatory amounts could not exceed the total amount levied on imports from third countries and that the flexibility of the compensatory amounts was in this way anchored in the Act of Accession and was not newly introduced by the Council. The Court also came to the conclusion that the exporter was fully informed of the conditions of the market and could not be unaware of the consequences which market development would have for compensatory amounts.

A more cheering example for those who hope at least to save some money with the help of *the Luxembourg judges*, is the decision which relieved W. Chadsky of the obligation to pay quality control fees for vegetables exported to Germany. These fees are levied by the Italian Institute for Foreign Trade, and though only small amounts were involved, the *ruling may well apply to more important turnovers in Italy or* in other member States.

The Court had earlier decided that export duties need not be paid when exporting from one EEC country to another, but this was the first occasion that the Court was asked to determine whether a fee, levied in connection with an export service, falls into the category of charges which have an effect equivalent to customs duties and are therefore prohibited. The Court said that the inspection cannot be regarded as being for the specific benefit of the individual exporter. The fee relates to a mandatory inspection of the quality of exported products and it makes no difference that it is not levied by the Government but by an independent agency. It must be deemed prohibited in the same way as a customs duty on export and the exporter is entitled in this respect to the protection of his *national courts* (Case 63/74).

Although such disputes over export and import duties, levies, compensatory payments and speculation relating to them are still the daily bread of the European Court, its judges have recently lifted their sights to pursue a higher quest—a *greater integration of* the EEC food market by the elimination of the remaining national marketing systems. British food markets are generally free from the restrictions frequently imposed on those who wish to participate in such markets on the continent. An example of such tying of dealers to a particular market was the agreement concluded between an association of the main Dutch fruit importers and another trade association to which practically all Dutch fruit wholesalers belong, known under the abbreviated name of FRUBO. In order to be allowed to take part in the Rotterdam auctions, through which about 80 per cent, of all citrus fruit is sold in the Netherlands, both importers and wholesalers had to undertake that they would sell or buy citrus fruit grown outside the Common Market exclusively at these auction *sales (Case 79/74).*

Little use

Originally this agreement also covered fruit grown in the Community but this was exempted from the restrictions after a complaint by 22 Dutch whole*salers and the intervention* of the EEC Commission. In its final form the agreement allowed wholesalers to buy citrus fruit grown outside the Community also in other EEC markets but only as long as the fruit was cleared through customs. As profitable business can be done only on the basis of long-term contracts, *this* relaxation was of little practical use to wholesalers wishing to buy fruit directly overseas or with the help of importers in other European ports, such as Hamburg or the French market centres of Perpignan or at Rungis.

The Commission took the view that the agreement even after its modification constituted a major restraint on purchase of imported citrus fruits from elsewhere in the Community. The requirement of a prior customs clearance was seen as an artificial introduction of an additional trading stage which made *the transactions virtually* impossible for those who wanted to participate in the Rotterdam auctions. The two Dutch associations were told that they must not impose such conditions adversely affecting Community trade, and appealed against this decision to the European Court.

The Commission's decision was confirmed with the result that Dutch wholesalers attending the Rotterdam auctions must now be considered free to buy citrus fruit grown outside the Community directly or with the help of importers in other markets.

Liberalisation

Though the Treaty provided that the national organisations should disappear by 1969 it also provided for a method of their gradual replacement by means of long-term agreements for a gradual approximation of price levels. The Common Market in agricultural products was intended by the Treaty to provide farming interests with guarantees equivalent to those which they enjoyed under their national schemes. Without such guarantees, argues the Commission, member States cannot be forced to abolish the protective *measures of their national* marketing systems.

This particular view of the Commission was upset by the European Court in the *French Banana* case. Following the same line of argument which it applied to the liberalisation of movement of workers, of establishment of businessmen and of providing services across national borders the Court has now decided that national food marketing organisations cannot restrict EEC trade by means of quotas after the expiry of the transitional period, even if the member States did not do what they *should* by that time (Case 48/74).

After this breakthrough in EEC policy tolerating politically significant national quota system for the imports of foodstuffs (the French government preferred imports of bananas from countries which maintained a "special relationship" with France to the detriment of other countries associated with the Community under the Yaounde Convention) the Court proceeded to unfold its new radical doctrine of "integration first" in several judgments.

In January in the case (Case 31/74) of Filippo Galli, the Court ruled out national price regulation in sectors covered by a Common Market price system. It also stated quite clearly that the free movement of goods even in the field of agriculture is enforceable by private actions. In a case (Case 51/74) concerning Dutch bulbs, the Court ruled out national intervention in the support of products which do not correspond to Community quality standards. All these judgments show the European Court, in its new role as a pioneer of European integration, more ardent and also more powerful than the EEC Commission.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPUTERS

Big rise forecast in terminals market

DOMESTIC (U.S.) shipments of computer terminals will more than double by 1980. An annual growth rate of 16 to 17 per cent. for the next five years is forecast for the industry, says Arthur D. Little. Shipments of computer terminals will total nearly $3bn. in 1980, up from $1.3bn. in 1975. By 1981 3m. terminals will be in place — three times as many as to-day. They will account for 25 per cent. of total computer system value as opposed to 10 per cent. in 1974.

The ADL survey covers a cross section of manufacturers by type and size (principally mainframe, communications and independent) and a sampling of users reveals that growth will not be uniform for the two basic classes of computer terminals. Shipments of general-purpose terminals such as keyboard/printer and visual display, will double in the next five years. Those of special-purpose terminals like banking teller and point-of-sale, will triple, moving them from 14 to 30 per cent. of units in place.

Along with the projected growth, the terminal industry's competitive environment is undergoing some fundamental changes. According to Roy M. Salzman, head of ADL's information system planning services and director of the study, this could make the future less rosy for some manufacturers than the numbers might indicate. The shift in emphasis from hardware to software for solutions to communication systems problems has made planning more difficult. The need to have the software used by terminals compatible with the rest of the system makes it more likely that companies supplying a full product line will capture an increasing share of the market.

The ADL study examines 15 different product categories, their markets and their future, along with the impact of new technologies and the competitive picture.

Growth will vary within the two broad product classes, general and special purpose. The general-purpose products with the best prospects are intelligent terminal systems controllers (devices which enable terminals to function near the capability of small computers). ADL expects them to reach 18 per cent. of all terminal shipments by 1980.

The ADL study discovered that a disproportionate number of producers were aiming at this product category. Knowledge of customer applications and new software skills as well as microprocessor design capability will determine the success with which an independent competes against mainframe and minicomputer systems manufacturers.

Arthur D. Little, 25, Acorn Park, Cambridge, Mass. 02140, U.S.

● PROCESSES

Heat used to shrink mouldings

THE NATIONAL Coal Board's 14 surface repair workshops are evaluating a newly developed range of heat-shrinkable mouldings made at Cheltenham, Glos., by Thomas Ness, a wholly-owned NCB subsidiary.

Heat-shrunk mouldings make a cheaper and faster joint that is believed to be technically better than the taping method in general use.

The NCB's underground power distribution systems amount to thousands of miles of electric cable. Every year about 400 miles of new cable worth £10m. are added and 100,000 joints are made and insulated. The work is done in the workshops and needs to be of the highest quality because of the stringent safety standards imposed. Taping is very laborious and for flexible cables, vulcanising also is needed.

But the new technique has a wide application outside the mining industry, including the environmental protection of exposed or delicate equipment and the masking of surfaces during chemical processes.

The mouldings are made from a modified form of polyvinyl chloride by a process that enables small orders to be undertaken at a highly competitive price, which is difficult with older methods. Almost any shape of Heatshrink moulding can be made. All the mouldings start to shrink at temperatures between 125 and 130 degrees C. The shrinking can therefore be done with a hot-air gun, naked flame or any heating equipment suitable for the environment. Shrinkage is rapid.

Many uses already exist in the chemical, instrumentation, engineering and electrical power industries and more are being developed following discussions between customers and the Heatshrink design team.

Can treat difficult areas

DRIVEN BY any controlled-speed power tool, a device called the Roto-Peen will peen surfaces rapidly and cleanly without need to mask for localising treatment

Basically the tool consists of a series of non-woven polymeric flaps, coated with steel shot and bonded radially to a core. Because of their flexibility the flaps adjust to the contour of the work. The tool can be used to treat the inner surfaces of bores down to ½ inch diameter.

Peening is used to improve the fatigue life of components and is usually carried out with mechanically or pneumatically driven steel shot. This method has a number of limitations, including the need to operate in an enclosed area, difficulty with narrow bores, the need for careful masking and lack of portability—all these are said to be overcome with the Roto-Peen.

Roto-Peen is marketed by 3M United Kingdom, 3M House, Wigmore Street, London W1A 1ET (01-486 5522).

● POWER

Mobile test van finds all faults

MOBILE high voltage cable fault location in a novel vehicle has been supplied to Manweb by a U.K. manufacturer. First of its kind in the U.K., the range of testing, impulse and fault locating equipment with which it is fitted enables all types of faults occurring on cables up to 33kV to be located by the operator at the control console.

The fault-locating technique it employs involves use of a high voltage impulse generators to which the cable under test is connected through a linear coupler. The work is carried out from the near end only of the cable, and there is therefore a labour and time-saving advantage

Biccotest Instruments, part of Balfour Kilpatrick, is one of the leading manufacturers of test vans and testing instruments and designed the high voltage equipment and the general van layout (based on a 3-ton Bedford Hawson) for Manweb to an agreed specification. The impulse current fault locating equipment was the subject of a paper presented recently to the IEE by Dr. P. F. Gale of the ECRC, Capenhurst.

The high voltage equipment includes an 80kV insulation test set (T107) which can provide an output of 0-80kV dc negative, or 40 kV positive and negative simultaneously and has a 80 milliamp short circuit capability; a 40 kV 1 microfarad capacitor unit; and a 25kV 1250 joules surge generator (T210), installed in the console desk top.

Panels on the main console house the 80kV dc control and metering, the 40kV capacitor discharge control unit, timers, digital calculator, 3 safety interlocked test sockets and the mains/alternator input control and circuit breakers. The provision of an engine-driven 240 volt 7.5kVA alternator means that the vehicle is self-sufficient for its electric power requirements if the mains supply is unavailable.

A feature which Biccotest has introduced into the control console is a 3-phase 6-pole 80kV high voltage mode switch. This has the advantage of enabling the cable under test to be connected to any of the equipment installed in the van.

The high voltage compartment, at the rear, contains a 50-metre length of 3-core 100kV dc 20-amp rated cable on a motor-driven drum for connection to the cable to be tested. In the side of the drum are three sockets for the inter-connecting leads to the mode switch. Cable reels are also supplied to provide connections to the earth and the mains input supply.

This is the most sophisticated test vehicle yet produced by Biccotest, which now has the facilities to design and build test vans to any specification. A van built to the present requirements would cost in the region of £30,000. With a strong world demand from electricity utilities for this type of equipment, Biccotest anticipates a growing export order book.

Manweb was one of the pioneers in the use of impulse current methods of cable fault location.

Biccotest is at Delamare Road, Cheshunt, Herts EN8 9TG (Waltham Cross 29011).

Shows fault by making it worse

OCCASIONALLY faults occur on power cables which do not show up readily by pulse reflection techniques because less than 10 per cent. of the pulse energy is reflected.

Burn-out set T91/2 from Wandel and Goltermann electrically heats the fault by spark flashing or arcing until the cable insulation starts to break down. A continuous carbon track is eventually formed across the insulation which reduces the fault resistance and allows accurate location by pulse echo.

Thyristor control circuits continuously vary the resistance of the set to match the fault resistance. Maximum power is thus maintained across the fault, and size and weight of the unit is kept to a minimum. Dimensions are 590 x 440 x 210 mm, weight 35 kg.

Current and voltage can be controlled independently and safety arrangements are provided including a locking device against accidental switching of the voltage range. Currents up to 60A or voltages up to 10kV can be applied to the fault. More from the company at 40, High Street, Acton, London W.3 (01-992 6791).

Power on the work bench

VARIABLE OUTPUT bench power supplies have been introduced by Gresham Lion as an extension to its OEM power supply business.

Initially available are GBS 30/2S with a single output of 0-30 V 0-2 A, the GBS30/1D which has dual outputs of 0-30 V0-1 A) and the GBS 30/2D which is also dual output 30V but with current to 2 A. The units are fitted with two meters and all have coarse and fine output voltage adjustment. The dual output units measure 340 x 220 x 175 mm.

All the units have pre-settable constant current and constant voltage control, and automatic crossover switching facility. They also include remote voltage sensing and programming facilities. The line and load regulation is typically 0.001 per cent + 2mV.

● COMMUNICATIONS

Pictures made by laser

ON THE point of introduction into this country by U.S. news agency Associated Press is the Laserphoto system developed initially by AP in conjunction with Massachusetts Institute of Technology (MIT) and manufactured by Harris Intertype Corporation.

Already in use by about 100 AP subscribers mainly in the U.S., it is planned that all AP members will in due course use the equipment. AP is also showing the system to the U.K.'s domestic news agency, Press Association (PA) and a number of U.K newspapers. Official and commercial applications are also expected to arise.

In the Laserphoto transmitter a 2mW laser beam is directed through a galvanometer mirror system to scan the picture to be transmitted line by line. Instantaneous value of reflected light from the surface is registered by a photocell, the output of which can be used for either amplitude or frequency modulation of a signal sent over a 'phone line or other bearer.

On receive an identical laser produces a 0.004 inch diameter beam which is passed through an acousto-optical modulator. This is used to intensity modulate the beam according to the received signals and also to produce a 0.001 inch amplitude "wobble" on each scan line to remove line structure in the finished picture. Galvo-scanning is used in synchronism with the sending-end, and the image is built up on dry photographic paper, developed by heat only. Further information from Associated Press, 83 Farringdon Street, London, EC4A 4BR (01-353 1515).

Plans for U.K. Loran coverage

INTRODUCTION OF the Loran C navigational system, covering the whole of the British Isles and all U.K. waters is planned in agreements made between Redifon Telecommunications and ITT Avionics of New Jersey.

Loran C transmitters are in Norway and are generally unusable south of Aberdeen.

Proposed are 400 kW transmitters using 600-foot radiating masts in the Aberdeen area and in Cornwall, and Redifon states that discussions are proceeding with the authorities along these lines. Together they would give complete coverage in the North and Irish Seas, the English Channel and the western approaches.

Accuracy claimed for the system is better than 60 metres (repeatable) and 125 metres predictable accuracy at 500 miles from the base line.

Recently the U.S. Government decided to provide Loran C coverage over all U.S. coastal waters (ITT is supplying the transmitters) and extensions of the system are also planned by the Norwegian Government.

According to Redifon, in addition to providing a valuable and accurate navigational aid for ocean-going ships, Loran C will give high accuracy position fixing for North Sea oil rig operations. Fishing vessel location in all the major fishing areas in the North Sea and around Iceland and Norway would result.

With the possible introduction of the 200 mile fishing limit, Loran C, claims Redifon, is the only long range hyperbolic navigational aid able to provide the required accuracy effectively to monitor the new limits at the longer ranges now involved.

Reciprocal radio deal

NEW ZEALAND company Tait Electronics and Dymar Electronics of Watford are to reciprocally market certain of each other's products in a recently announced agreement.

Tait's vehicle mobile radio-telephone will become available in the U.K. as the Dymar 172A, and Tait will sell the Dymar 980 vhf am personal portable in New Zealand—sales have already been won with the New Zealand Forestry Commission.

The T172A is immediately available from Dymar in single and six channel versions, with 12.5 kHz channel spacing and 10W transmitter power in the high and low vhf bands.

Integrated circuits and field effect transistors are used in the design, and the small size allows easy dashboard mounting. Plug-in systems allow the transceiver to be slotted into a vehicle cradle, base station power supply or transportable pack without disconnection or reconnection of wires.

The vehicle cradle contains a 16-way plug which connects aerial, power and separate speaker with all the necessary filtering incorporated. Dymar is at Colonial Way, Radlett Road, Watford, Herts WD2 4LA (Watford 37321).

● MATERIALS

Waterproof sealing

FROM WEST Germany a waterproofing and insulating material called "Isolen" has been introduced to the U.K. market by Florlansson and Co., 37, Queen's Road, London N11 2QP (01-368 5897).

It was developed by BeBeGe, a Berlin company, using BASF Oppanol as the basic ingredient. It is stated to meet DIN building standards, to be resistant to industrial fumes, bitumen, ozone, algae and roots, and almost non-ageing and non-rotting. It can be used for reservoirs and tanks as it is physiologically harmless.

The material is available in sheets 1, 1.5 and 2mm. thick, 1 metre wide and 10 metres long, or in strips 1.5mm. thick, 10 metres long, in various widths.

Conductive rubber

RECENTLY CARRIED out at the Rubber and Plastics Research Association has been a study involving mixing two different polymers with carbon black in varying proportions.

The results to date have shown that it is possible to produce a compound with resistivity levels down to 100 ohm-cm and softer than those obtained from natural rubber alone.

Such materials are widely used in the medical field in tubing, anaesthetists masks and bags, and in industry in conveyor belting; but the problems of producing materials with the desired characteristics of softness, conductivity and low static have been considerable says RAPRA. Further details can be obtained from the Association at Shawbury, Shrewsbury, SY4 4NR (09394 383).

● FINISHING

Hard chrome plating

COMMISSIONED on the Hawksworth Estate, Swindon, Wilts., is a hard chrome plating plant for the Thomas Try Group, Cambridge Estate, Hanwell, London W7 3UP.

It will produce high precision hard chrome plated bar for the hydraulic industry (for piston rods), and will also be capable of handling large rollers for the printing, paper, mining and allied industries.

Costing £300,000, the factory, built by Taylor-Powell, Henley, covers 20,000 square feet, with space for expansion, and houses six plating baths capable of handling 14 foot bars automatically. Maximum length capacity is 22 feet to allow the largest mast tubes in common use to be plated.

Plating vats 13 feet deep are installed for hard chrome deposition on large rollers, which are preferably plated in the vertical position. The plant is capable of an output of more than 2,000 tons of plated bar per year, in addition to jobbing hard chrome deposition work. The plating plant was made and installed by W. Canning, Birmingham and the solutions are supplied by IMASA Group, Slough.

Large diameter bars are treated on a belt grinding installation which gives a surface finish better than 6-8 micro-inch, before polishing to 4 micro-inch and plating. Small bars, of less than 1½ inch diameter, pass through a roller burnisher which gives a finish of the order of 1.5 micro-inch. The belt grinding installation was supplied by Ludwig Löser, Frankfurt.

Surface finish of all bars will be to H8 standard under normal production, and H7 can be produced if required.

Standard hard chrome plated bar is available in 3 metre (10 feet) lengths in a choice of carbon and alloy steels, in metric and inch diameters from 12mm (½inch) to 75mm (3-inch). Sizes up to 22 feet long can be produced to order.

● PLASTICS

Fabricating pipework

TO PROVIDE a service of fabrication and off-the-shelf supply of plastics pipes, bends and fittings in East Anglia, BTF Plastics has opened a factory at Windover Road, Huntingdon, Cambs., PE18 (0480 56516).

In addition to acting as area distributors for Yorkshire Imperial Plastics and George Fischer Sales, the company will bend, shape and fabricate pipework to order.

● COMPONENTS

Replaces shuttle valve

A COMPACT pneumatic bi-selector actuator/OR unit, performing the same function as a conventional shuttle valve, has been introduced by Mead Fluid Dynamics (subsidiary of Stanray Corp.), Chalmers Way, North Feltham Trading Estate, Middx., TW14 0UH (01-890 0971).

It enables two independent air signals from differing sources to be received by a valve—either signal will cause the valve to operate, a requirement frequently encountered in pneumatic circuitry.

The unit replaces the conventional shuttle valve and as it forms part of a standard "Capsula" pressure actuator, reduces the amount of pipework and fittings required, says the company.

Non-contact switch

MADE BY Metz Reglerbau and available in the U.K. from Bartex Engineering is a precision manometric switch applicable in conditions of explosion hazard.

Operating on the force balance principle, the instrument displays changes in pressure in a system on one scale and allows the pressure at which the built-in switch will trip to be pre-set on another. For safe working in potentially explosive atmospheres, the unit employs non-contacting induction switching elements in place of standard moving contacts.

Pressure ranges available cover from 0 to 9 psi to 0 to 900 psi and the indicator precision of the manometer is 1.6 per cent. Deviation of the switching elements is within 0.5 per cent. Bartex is at 113 Critchill Road, Frome, Somerset BA11 4HW (0373 4351).

● ELECTRONICS

Suppression filter

BHS ELECTRONICS has a new wideband mains interference suppression filter for continuous 1 amp operation.

Type 201 will suppress both continuous and intermittent interference, and consists of well balanced twin inductors wound on a high-permeability low loss ferrite ring core and a delta class (XY) interference suppression capacitor, encapsulated in epoxy resin within a cylindrical aluminium can.

Specified to BS 613, the type 201 filter is designed for 250V a.c. 50/60 Hz operation. Voltage drop is less than 0.7V at the rated current, and overload current is 150 per cent. of rated value for 30 minutes.

BHS Electronics, Bercourt House, York Road, Brentford, Middx. TW8 0QP. (01-568 3388).

FINANCIAL TIMES SURVEY

Thursday June 19 1975

SWISS CAPITAL MARKET

Foreign exchange losses and difficulties for some smaller banks have affected the Swiss financial world's image during the past year and have led to the imposition of tighter controls. At home, in spite of concern over the unemployment rate, there is little cause for serious gloom.

Backs to the wall

IF BY comparison with London the Zürich banking community seems more cheery than it has in the past, this is probably attributable to the collapse of the City's traditional buoyancy following the Euromarket crisis last year and the intensification of Britain's domestic economic problems. For despite one of the lowest inflation rates in the Western world, an unemployment ratio of well below half per cent. and a continuing current account surplus, the Swiss financial community is looking to the future with apprehension, and once one accepts the Swiss aim for perfection in an anything but perfect world, it is not difficult to see why the most important factor in the situation psychologically is the unemployment level.

Although miniscule by the standards of, say, the United States (where nearly 40 per cent. of black teenagers are unemployed at present and the overall ratio stands at 9.2 per cent.), Switzerland now has higher unemployment than for decades. Moreover, much of the elasticity in the situation has already been taken up—the number of foreign workers has fallen dramatically and about 5 per cent. of the workforce is on short time. As one Swiss banker comments ruefully, it is possible for the first time in many years to find a charlady of Swiss nationality.

The balance of payments situation is seen as a two-edged problem. On the one hand, the fact that the current account continued in surplus last year only intensified the upward pressure on the Swiss franc. On the other, with the fall off in world trade, the sharp upward movement of the franc rate and the economy expected to start picking up soon, it is feared that the swing into deficit will be rather sharper than the Swiss would wish.

Last year the increase in the trade deficit was smaller than the rise in the oil bill, and the export industries (notably tourism) were not nearly so badly hit as has sometimes been made out. However, there is no doubt that they are under considerable pressure now, and what is particularly feared is that they are being so badly affected that they will not be able to pick up their foreign markets again if and when the Swiss franc rate falls to more realistic levels.

The policy of sharp reflation which might have appeared the answer to these problems has been rejected because the authorities are reluctant to lose the ground won with such difficulty in the fight against inflation. Even now Swiss consumer prices are some 9 per cent. higher than a year ago. Despite some relaxation the policy of monetary stringency has been maintained more strongly in Switzerland than elsewhere.

Dilemma

As Dr. Hans Mast of Credit Suisse pointed out at a time when the doubts about the future of the dollar were still widespread, Treasury yields were already lower than franc federal bond yields.

The Swiss authorities have faced their dilemma with a selective approach. This involves moves to dampen upward pressure on the Swiss franc combined with some monetary relaxation and selective help for the export and construction industries.

Since last November a series of penalties have been imposed —or rather reimposed—on foreign holders of Swiss francs. A negative interest rate on Swiss franc deposits was one example. The main thrust for the longer term is the attempt to bring the Swiss franc into the EEC "minisnake." The Swiss authorities accept that it may be some time before this actually materialises (if it ever proves possible in the face of French opposition).

The main reason why importance is attached to it is that it would stabilise the relationship between the Swiss franc and the D-mark. West Germany is Switzerland's largest single trading partner—it took 13.9 per cent. of Switzerland's exports last year and was responsible for 29.2 per cent. of its imports. Tying the Swiss franc to the D-mark would, it is felt, go far towards insulating the trade account from the erratic effect of capital movements on the Swiss franc rate.

At the same time Switzerland's tight money policy has been steadily if cautiously relaxed since last autumn. Credit ceilings were eased and relaxed completely early last month. Minimum reserve requirements were first cut and then, last November, suspended altogether as far as domestic liabilities were concerned. The money supply (money and quasi money) rose by 6.6 per cent. last year as against 5 per cent. in 1973.

However, it should be noted that monetary control is still relatively tight. The policy this year is for an expansion of the money supply by 6 per cent. Swiss banks have been asked to concentrate their new lending in the worst hit industries such as construction and the export industries. In line with some other western countries Switzerland is also extending its export credit scheme.

The main concern within the banking industry this year has been a reflection of the world-wide problems of international banking during that troubled period. On the one hand a number of smaller banks either asked for moratoria or went out of business altogether. On the other the largest banks experienced tricky situations. The publicity associated with Union Bank of Switzerland's announcement of a large loss in its foreign exchange department did not do the image of Switzerland's banking community any good. The fact that Lloyds Bank's £33m. foreign exchange trading loss occurred at one of its branches in Switzerland did not pass unnoticed either.

Closer

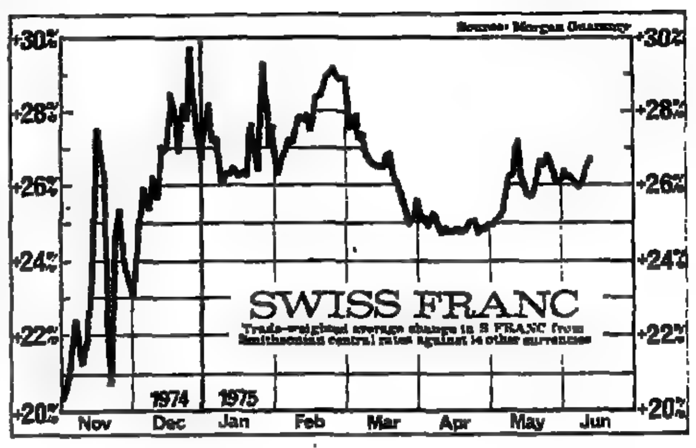
The result of these various happenings has been much closer supervision by the Swiss authorities over foreign exchange operations by banks in Switzerland. Some of the measures taken also tie in with attempts to ease the upward pressure on the Swiss franc. However, the latter was not the main factor in most cases.

Now most of the opportunities available to Swiss banks to make large profits by judging future exchange rate trends correctly have been eliminated. Most notably Swiss banks are now required (by a gentlemen's agreement with the National Bank) to match their positions currency by currency on a daily basis.

It is thought that further measures may well be on the way. It is also thought that some guidelines for brokers may be drawn up outlawing the practice whereby they are allowed to trade on their own account as well as that of the bank they work for.

Just what impact these and similar measures will have on Swiss banks' profitability is impossible to judge. Though the profits of their dealing departments are thought to have been very large—gross income at Union Bank of Switzerland was Sw.Fr.166.6m. last year and Sw.Fr.145.8m. in 1973—the policy of the Swiss authorities has not been singled out for criticism by the banks, unlike many others concerning banks' international business.

In general the big Swiss banks appear to be much more on the defensive in their running tussle with the authorities on controls. The reason for this appears to be that they have become a target for more criticism from the general public than usual. For while other companies in Switzerland have been going through hard times profits have continued on upwards at the banks. They are also accused, it seems, of wielding more power than they should.



In his annual address to shareholders last March the Union Bank of Switzerland's chairman Dr. Schaefer devoted most of his time defending the banks against these and other charges. However, there was one area where he did go into the attack — the damage done to the banks' international business by the various restrictive measures taken by the Swiss authorities since 1970. Pointing out that foreign earnings of the major Swiss banks offset more than one-fifth of the trade deficit in 1973, he warned that should the various restrictive measures be continued over an unduly long period, they will in the long run do great harm to Switzerland, "harm," he said, "which can hardly be repaired later in view of the fierce competition between international centres of finance."

At present this danger looks a long way off. It is not insignificant that the Swiss authorities have refrained from putting back the controls on Switzerland's foreign bond market despite the fact that they reimposed controls in most other areas. But the really telling figures appear in the latest annual report of the Bank for International Settlements: not least because of Swiss banks intermediation of Middle Eastern funds, Swiss deposits in the Euromarket increased from $20.5bn. at the end of 1973 to $27.2bn. a year later.

Mary Campbell

SWISS CAPITAL MARKET II

A good time for the borrower

THE SWISS bond market today shows its most gracious side to borrowers. For months now, all new issues have been at least fully subscribed and generally over-subscribed despite a noticeable average decline in interest rates, while the most recently created bonds are running at well above par in many cases on the secondary market. At the same time, the Swiss authorities have—temporarily at least—loosened up restrictions on the admittance of new borrowers.

While the days of Switzerland's supremacy on the international capital market—in 1960, some 90 per cent. of all foreign loans floated in Europe were issued by the Swiss—are long past, the country remains an important source of funds. Quite apart from the continued activity of the Swiss banks in channelling Euromarket transactions, the local loan market is still among the favourite resorts of international borrowers. Over the five-year period 1970-1974, foreign loans on the Swiss capital market added up to an issue total of Sw.Fr.9.55bn. net. At the same time, domestic issues amounted to a net call on the market of a further Sw.Fr.18.43bn., this including a not inconsiderable sum raised by Swiss-based holding companies of multinational concerns.

Recently, the needs of the Swiss economy and the Government's attempts to keep excessive foreign funds out of the country have led to a relative growth of significance of the domestic loan field at the expense of foreigners' public issues. In 1974, the domestic sector accounted for almost four times more than foreign loans on the Swiss market, after having been only one-and-a-quarter times this sum in the previous year.

Hunger

The fact is that Swiss-based borrowers, especially in the public sector, have developed a real hunger for funds of the past few years. For 1974, the Confederation itself and every single canton—with the sole exception of Neuchâtel—were in the red, with most towns and villages in the same plight. Deficits will be even higher this year. There is also a tremendous capital requirement on the part of the electricity generating industry, the building of nuclear power stations calling for something like Sw.Fr.1.2bn. extra loan capital per year. Private enterprise is at least sectorally affected by the recession, but investment projects are still going ahead—albeit often abroad—and money is cheap.

The Federal Council and the National Council have had to watch the domestic capital market very closely over the past few years. Initially, the sole problem was one of dampening down the over-heated economy. To this end, the Government introduced control of the issue of domestic loans, share issues and similar capital market transactions at the turn of 1972-1973, with the regular fixing of a maximum quarterly loan ceiling. This has meant the rejection or cutting down to size of numerous public-loan applications since. Since the authorities have been in part unable, in part unwilling to reduce their capital requirements, it has been private enterprise which has tended to bear the brunt of this regulation.

In all, total domestic loan volumes have remained about the same from year to year; after peaks of Sw.Fr.3.95bn. in 1971 and Sw.Fr.4.02bn. in 1972, they totalled Sw.Fr.3.61bn. in 1973 and rose again to Sw.Fr. 3.94bn. last year. Because of inflation, of course, this did really mean a limitation of borrowings. Of the 1974 total, a net share of Sw.Fr.1.5bn. alone was accounted for by public authorities and a further Sw.Fr.974m. by utilities. This year, the private sector is getting rather more of a look-in. The total net call of the domestic sector on the loan market was Sw.Fr.2bn. (1.52bn.) for the first four months of the year, of which public authorities and utilities together accounted for little more than one-half.

Decline

Interest rates have come down substantially, even since the start of 1975. More lively demand from the market and a Government policy aimed at depressing interest levels resulted in the decline in the average coupon from 8.45 per cent. in January to 7.8 per cent. in May for domestic loans. While the interest gap between first-class and second-class borrowers has widened, reaching a span of a whole percentage point for the loan market in general, the up-market loans are benefiting considerably from the improved climate; public authorities and cantonal banks have long been obtaining funds at around 7¼-7¾ per cent. and the new Federal loan is being offered in two "slices" for 7½ per cent. 14-year bonds at 99 per cent. and 7 per cent. eight-year paper at par.

The private sphere is also obtaining really bargain conditions, like the 7¾ per cent. coupon the Ciba-Geigy chemical concern booked this month for its huge Sw.Fr.120m. 12-year loan at 99½ per cent. offer price. Among the Swiss-based internationals, Société Internationale Pirelli SA is paying 9 per cent. on a Sw.Fr.25m. issue launched in January, while the Eurofima rolling stock financing body in Basle issued Sw.Fr.50m. only two months later at only 8½ per cent.—and charged 100½ per cent. for the bonds.

Over the past few months and years an interesting new type of borrower has made an appearance in Switzerland which might well find imitators elsewhere. This is the fund-raising syndicate of towns and parishes too small to go to the market themselves. Three of these are now in existence—the Swiss Towns' Loan Community, working for small to medium-sized urban communes, the Swiss Communes' Issue Centre, representing urban and rural councils affiliated to the Association of Swiss Communes, and the Coopérative financière des Communes genevoises, a body formed by communities in Canton Geneva. Loans floated by these three organisations this year have resulted in successful borrowings for members at rates falling over the months from 8½ per cent. through 8 per cent. to 7¾ per cent.

The basic situation for foreign borrowers on the Swiss capital market is less satisfactory than for the domestic sector, because of a stop-go policy by the Government and the National Bank aimed at attaining the right dosage for a given period. Loan ceilings are imposed for two months at a time and foreign loans both can be, and have been, suspended altogether to suit the needs of the moment. Alternatively, partial bans can be effected as in January last, when the National Bank "requested" the banking system not to apply for permission to float loans on behalf of foreign public authorities.

Last year there was a sharp drop in the volume of foreign Swiss-franc loans: The net call on the market, of Sw.Fr.1.01bn., was the lowest since 1970 and compared with sums of Sw.Fr. 2.87bn. in 1973 and Sw.Fr. 2.9bn. the year before. In all, 30 foreign firms and authorities floated loans in Switzerland of between Sw.Fr.5m. and Sw.Fr. 100m. at a remarkable range of coupons between 7 and 9 per cent. Due to a summer block on foreign loans, none at all were issued between June and September. With the sole exception of a World Bank loan of Sw.Fr.100m., the Swiss kept the ceiling for individual issues at Sw.Fr.60m.

Easier

At present, conditions are rather easier. For May and June a total of Sw.Fr.350m. has been approved for foreign loans, the same sum as had been laid down for the two previous months. For the first four months of 1975 the net call on the market from foreign borrowings was virtually unchanged in comparison with that for January-April, 1974, at some Sw.Fr.450m., though those for May and June are considerably higher than last year's totals. First-class foreign borrowers now reckon with coupons of around 8 per cent., though some of them—like Akzo, General Electric and New Zealand Government—have floated at 7¾ per cent. this year. The New Zealand loan, like an earlier Australian Government conversion issue, counted as a "special case" with regard to the National Bank's foreign-authority guideline.

For the rest of the year, it is hard to say exactly what the market will do as far as foreign loans are concerned. Both the Federal Council and National Bank will doubtless continue to adjust the reins at short notice as soon as the national economy and the overall monetary situation demands it. By the time the international borrowing community has realised that there is a chance to get into the Swiss market at cheap rates, the whole scene could have changed again.

By the same token, there might one day be a return to the ban on foreign investment in Swiss securities. This is not an immediate threat. But if the floating Swiss franc were to take off upward once more to impossible heights, it seems likely that an investment ban, together with even tighter restrictions on deposits and foreign-exchange forward transactions, would be up for discussion — almost certainly rather than a splitting of the Swis-franc exchange rate.

Like foreign public loans, it appears that the volume of private placements by foreigners in the form of medium-term notes fell last year, although it is difficult to ascertain just how large the sum involved was since no publicity for these issues is permitted. (This rule was laid down in 1971 in order to obviate the foreign notes competing with the Swiss banks' over-the-counter medium-term bonds, the so-called "*Kassenobligationen*," whose current interest rate of around 7 per cent. is well below foreign private placement coupons). The volume is thought, however, to have fallen from some Sw.Fr.3.4bn. in 1973 to about Sw.Fr.2.5bn. last year.

Business could well grow again this year, however, thanks both to market demand and to a more liberal policy on the part of the National Bank, which has now lifted completely the restrictions on private placement volume. Originally, a ceiling of Sw.Fr.700m. had been foreseen for the first quarter, but this was expanded over the period so that, in fact, the actual notes volume for the three months totalled a "good billion francs"

John Wicks
Zürich Correspondent

Banks experience a difficult year

THE SWISS banks have again demonstrated their ability to conduct profitable business in hard times as well as good. No *one would deny that* the past year has been a troublesome and trying period for the banking establishment. The authorities have been particularly *industrious in their efforts* to combat domestic inflation, to curb the flow of foreign funds *into what some would describe* as a "grossly" overvalued currency—the Swiss franc—and at the same time to try to kick the country out of a steep decline in economic growth. The headaches of the Government reflected in the resulting *stop-go policies and the flurry* of directives constituting, probably, the coup de grace to the traditionally free-ranging autonomy of the banks, have had *to be matched by frantic* efforts of the banks themselves to keep in line with the bewildering array of new and changing rules of procedure.

Similar

But despite this situation, total bank assets have risen, and net profits of the big three Swiss banks shot up by 10 per cent. or more for 1974, despite some spectacular losses on foreign exchange transactions. Earnings of other banks have shown a similar trend.

Indeed, the encouraging results throw into a rather harsh light the almost incessant complaints from the banking establishment that they are being made to bear the brunt of economic policies designed to keep the country on an even keel. There is no doubt that the banks have, as one banker put it, been put in the pincers by the Government, but they have come through this trial surprisingly well.

Last year was marked by a series of short- and medium-term monetary measures and the application of controls on credit, construction volume and prices designed to reduce overall liquidity and cut expansion. Bank credit growth was restricted first to 6 per cent., then to 7 per cent. Money supply was decreased sharply, and the capital market *held* within a prescribed low volume of business. In addition the authorities maintained minimum reserve requirements, and *demanded the conversion into* foreign currencies of Swiss franc proceeds of capital export transactions.

While in some respects there *were attempts during the year* to alleviate the burden on banks, the situation, far from improving, got progressively worse, with the upward pressure on the Swiss franc, leading to a new spate of draconian controls. In October the three-year-old ban on interest on non-resident Swiss franc accounts was removed. But shortly afterwards it was felt necessary to reintroduce the negative interest rate on new non-resident accounts in Swiss francs which was first applied in 1972. This time the rate was set at 3 per cent. per quarter instead of 2 per cent., and when in the new year even this proved insufficient, the screw was tightened up to 10 per cent. per quarter on accounts opened since the end of October. The mandatory conversion into foreign currencies of proceeds of foreign loans was reimposed only weeks after its abolition, and in addition the banks were required to reduce their forward sales of Swiss francs. Later, there was the imposition of a ban on all foreign Swiss franc accounts, an extension of foreign exchange reporting requirements and again an increases in the minimum reserves on foreign liabilities.

The expected downturn in the Swiss economy has, since then, *resulted in an easing in the* domestic capital supply, with the raising of the ceilings on both domestic and foreign Swiss franc issues and the early relaxation of the 7 per cent. growth limit on bank credit. Such moves are becoming politically necessary to offset unemployment, but there was no great enthusiasm shown for them on the part of the *hard-pressed authorities.*

Set against this background the performance of the banks is more than encouraging. The combined balance sheet of the 72 banks which report regularly to the Swiss National Bank rose to Sw.Frs.218.2bn. in December, compared to Sw.Frs.216.7bn. a year earlier.

Domestic

The overall profit figures for the same group of banks showed a better than 8 per cent. growth *average, with a rise from* Sw. Frs.338.8m. to Sw.Frs.366.3m. in the same period. The combined net profits of the five "big" Swiss banks—the Union Bank of Switzerland, the Swiss Bank Corporation, the Swiss Credit Bank, the Swiss Volksbank and Bank Leu—together rose from Sw.Frs.192.2m. to Sw.Frs. 211.5m.—somewhat more than 10 per cent.

The 28 cantonal banks did less well, however, with a 7½ per cent. average growth in profits, reflecting their larger dependence on the domestic market. Domestically the cantonal banks' share in savings deposits is 42.6 per cent. compared with the 20.8 per cent. for the big *banks. They handle* 63.9 per cent. of the debentures and mortgage loans, compared with 12.6 per cent. for the big banks, and the cantonal banks also *lead by a short margin on the* entire domestic lending operations of the banking community. The strength of these banks is particularly in construction fin*ancing and loans and advances* to public authorities. So, in view of the restrictive policies in these areas, a lower performance is hardly surprising.

A considerable part of the profits of the big banks, and particularly the big three, stemmed from foreign exchange transactions—a remarkable performance in view of the instability of the international monetary market. For the Swiss Bank Corporation income from trading in foreign exchange and precious metals rose by some 36 per cent. over the previous *year to nearly Sw.Frs.240m. The* Swiss Credit Bank did even better with a rise in earnings of 46 per cent. to Sw.Frs.158m. The performance of the Union Bank of Switzerland is less satisfactory—up 14 per cent. to nearly Sw.Frs.167m. but the Sw.Frs.142m. loss sustained in April last year on the forward exchange transactions of a *single client is included in the* above figures.

News of this loss spread like an ugly ripple round Zürich, with thoughts of Herstatt in the *minds of the banking* community. And there were other well publicised blunders and irregularities during the year. The Swiss Bank Corporation was reluctantly landed with some large pieces of real estate as a result of its dealing with the Sindona Group. Lloyds of Lugano, the American Express international banking branch in Basle, and Zürich's Metro Bank also sustained losses of varying sizes. But there was only one relatively minor failure—the Cosmos Bank in Zürich.

The dominating position of the big banks in foreign operations probably accounts for the fact that there were not more difficulties during the year. Foreign assets and liabilities hover at around 50 per cent. of the combined balance sheet totals of the big three banks—a percentage which it can be *assumed considerably* exceeds those of non-Swiss major commercial banks, even though in a global ranking of banks by their total assets, Switzerland's *largest bank occupied only 47th* place in 1973.

That these banks make a substantial contribution to squaring the Swiss current *account balance is one of the* heavier arguments used by Zürich in the attempt to get the National Bank and the federal authorities to restore the freedom of action which was the hallmark of the Swiss banking establishment in the past and, in the banks' view, the only viable course for the future if they are to retain a competitive position in the world.

David Egli
Geneva Corresponpondent

Stock exchanges mark time

IN TUNE with other markets around the world, the Swiss stock *market* enjoyed a strong price recovery (averaging 15 per cent.) in the first two weeks of this year. The upward trend, encouraged by favourable con*ditions on the capital market* and a step-by-step easing of the restrictive monetary and economic measures, continued throughout January, levelled off during February and March and moved into a phase of consolidation from then on.

The Swiss national bank index of Swiss shares (166=100) started the year at 106.2 compared with 160 at the end of 1973. It reached a high point in mid-March, and has more or less been marking time since then. The index for bank stocks, encouraged by the good results particularly of the big banks, rose by about one-third during this active first quarter. Insurance companies, with an 18 *per cent. rise did almost as well,* while within the group of industrial shares (up 20 per cent.) the food industry performed outstandingly well (up 33 per cent.), while the machine and metalworking industries kept in step with the average.

The consolidation is not only an expected reaction to this sharp rally, but also the expression of concern that the economic recovery forecast for the second half of this year may be somewhat delayed. Investors tended to be inspired more by the present slackening of economic activity than by prospects of the recovery. There were nagging doubts about the weakening of the competitive position of Swiss exporters through the continued appreciation of the Swiss franc. And, *after the enthusiasm inspired by* the banks' performance and the attractive terms of the new registered *share issues of the* big three, there was concern that the large number of these new shares would dilute the equities market in this sector. On top of this the big capital increases placed considerable strain on the money markets in general at a time when, for seasonal reasons, the economy's requirements for funds tends to increase. In addition there are fears that the Swiss authorities may be obliged to reintroduce measures making it more difficult for foreigners to acquire Swiss shares with the potentially negative impact this *could have on the Swiss equity* market.

Bullish

But it is felt that, overall, the Swiss market will continue to reflect the trends of foreign markets. And that remains essentially bullish. Compared with the dismal stock market performance of 1974 this is a welcome change.

Last year was marked in Switzerland by a paralysing lack of interest and a steady erosion of prices for all the reasons that are well known elsewhere. Estimated on the basis of stock exchange capitalisation the loss in prices in Swiss domestic securities has been set at Sw.Frs.22bn. in 1974, on top of a Sw.Frs.20bn loss in the previous year

The Swiss Bank Corporation *Swiss share index, which hit a* record high at 424.8 points on September 8, 1972, had by December 30, 1974 fallen by 52 per cent. to 203.3. Yet the average gross yield of Swiss shares rose last year from 2.52 per cent. to 4.07 per cent.

The losses in the last two years have been the sharpest setback suffered by the Swiss equity market since the 1930s, with the picture made even grimmer by the acceleration of inflation during that time. But, *if the depreciation of foreign* currencies against the Swiss franc is also taken into account, the average decline in purchasing power, expressed in Swiss francs, of equity investments compares well with those in the United States, Britain and even Germany.

Although the number of deals of the Zurich bourse increased in 1974 by nearly 8 per cent., from 218,782 deals in 1973 to 235,859 in 1974, the trading volume in cash terms was again sharply down. At Sw.Frs.58,584 bn, it was off 10 per cent. from the previous year's Sw.Frs. 65,408bn. A similar trend could be followed in the Basle and Geneva exchanges, which each have a trading volume of about one-third of that of Zurich. In the first few months of this year the trend has been reversed, and on average the turnovers of the Swiss exchanges are up by about 9 per cent., and even more if expressed in cash terms.

The Zürich exchange handles close to 2,000 bond and stock issues. As of March 31 this year the breakdown was as follows: 1,367 Swiss bond issues and 337 foreign bond issues; 149 Swiss and 133 foreign shares were listed on the exchange. Of these, the foreign stocks were the most active group, accounting for 35 per cent. of the overall number of quotations (against 23 per cent. for Swiss stocks), while foreign bonds, despite the relatively small proportion listed, accounted for 24 per cent. of the trading activity, against 18 per cent. for Swiss bonds.

By way of comparison, Geneva's total listed securities presently stand at 1,427, with the number of foreign shares (151) greater than the number of Swiss shares (123). Basle, at the end of last year, had 1,515 bonds and 267 shares listed.

At the beginning of this year the Basle stock exchange, which as *it approaches its centenary* (1976) likes to play the role of innovator, gave greater flexibility to its forward transactions market (including premium transactions) by extending the term from two to three months. This has been well received, and Geneva has already followed suit, with the *Zürich bourse expected to do so* in autumn.

Syndicate

Another change in trading rules proposed by Basle and Generally accepted elsewhere, is the application to Swiss franc bonds of a 15 minute halt in trading when the difference from one price to another reaches five points. Hitherto the ruling applied only to shares and operated on the basis of a 10 per cent. price differential.

The Geneva exchange — the oldest in the country—is still run by a syndicate of brokers, singling it out from Basle and Zürich which are both State-operated. While the Genevese are proud of this special situation, they were worried last year that it might prejudice the exchange's activities if and when the federal authorities finally decide to reduce the mandatory minimum par value of Swiss stock from Sw.Fr.100 to Sw.Frs.1. When this comes, a commission in Berne ruled, it would apply only to stock listed on officially controlled exchanges. After some hand wringing, the Geneva bourse has now decided on new regulations which will involve sufficient State control to satisfy the requirements of the federal authorities and get over what promised to be a significant hurdle. The basic private character of the Geneva bourse, however, remains unchanged.

David Egli

Lean days for funds

THE TENSE situation on money and capital markets last year, combined with the high level of the Swiss franc exchange rate, led to a considerable shrinking in the holdings of Swiss investment funds. After a slight decrease from the 1972 peak of Sw.Fr.16.67bn. to some Sw.Fr. 16.42bn. in 1973, total assets of the 119 funds operating with approval of the Banking Commission dropped sharply last year by 21 per cent. to Sw.Fr. 13.01bn. The market value of the certificates in question declined even more rapidly by 27 per cent. to Sw.Fr.12.43bn. (16.99bn.), meaning that the funds' holdings were not fully reflected in certificate sale price.

As far as value of the funds' holdings is concerned, the 1974 downturn is by far the sharpest for at least 20 years and mirrors sagging stock exchange indices almost the world over. In fact, the overall fall in assets was accounted for solely by the 75 funds engaging only in security investments — from Sw.Fr. 11.68bn. to Sw.Fr.8bn.—and the five funds in both securities and real estate—from Sw.Fr.279m. to Sw.Fr.265m. Those of the 38 real-estate funds reached a new record of Sw.Fr.4.74bn., as against Sw.Fr.4.45bn. in the previous peak year 1973.

The same pattern emerges from a comparison of certificate issue income with repayment sums; only the three investment funds active in both the domestic and foreign real estate sector showed a surplus of issue over repayment. For all funds, issues slumped from Sw.Fr.2.48bn. in 1973 to only Sw.Fr.116.5m. last year, repayments decreasing much less fast from Sw.Fr.375.4m. to Sw.Fr. 205.2m. This was the first time since the introduction of the 1967 Investment Fund Act that repayments were not surpassed by earnings from new issues.

The break in the fortunes of the Swiss investment fund business has not been such as to lead to a large-scale collapse of funds. While about a half of the leading funds have certificate prices below the original issue level and only a very few have a quote higher than two years ago, there have been no widespread casualties. The Banking Commission concession was withdrawn from a total of only five funds in 1974. But at the same time, interest in setting up new funds is waning fast, with only three new ones entering the lists last year.

Average

At the same time as fund values declined, however, there was a natural rise in their yield, since dividend payments — mainly based on the more halcyon conditions of 1973 — rose by 3 per cent. to a figure of SwFr.861.2m. This brought average earnings for the 119 funds up to 6.51 per cent. of assets and 6.81 per cent. of market value of certificates, a clear rise from the respective figures of 5.46 and 5.28 per cent. for 1973 and an all-time record in both cases. The drop in the price of an average fund certificate from Sw.Frs.119 to 88 made the purchase an ostensibly better bet for the yield-conscious investor — particularly in the case of funds dealing in domestic and foreign securities, whose two yield figures (on assets and market value, respectively) reached a stately 8.45 and 8.35 per cent.

This yield calculation is probably less valid than it seems, though, as dividends this year are already reflecting the losses sustained both in bourse quotations and in exchange-rate conversions. A survey of results announced this year to date shows a definite fall in total dividends, and a report just published by *Finanz und Wirtschaft* comparing certificate data as of May 20 with those of a year before indicates that market prices are still falling.

As elsewhere, keenness in fund investments seems to have fallen off not only in the light of weak stock markets but also due to the naive initial belief on the part of many investors that investment funds were excepted from the laws of risk capital. In all fairness, the Swiss funds never made claims of this kind, but the publicity approach of a Bernie Cornfeld may well have had a general rapport with the small investor. Now that social-security pensions are also being improved considerably, there is also less need for investment-fund-linked savings and insurance programmes. Schemes of this kind, generally a joint project of a bank and a larger insurance company, do not appear to have worked out the way their initiators had hoped.

This by no means points to a wave of "anti-cyclical" hard-sell advertising by the funds. On the contrary, the Swiss Bankers' Association in Basle has just announced the introduction of voluntary guidelines for investment-fund publicity, which has been agreed to by "the vast majority" of the Swiss funds and the 58 foreign investment funds with the right to advertise in Switzerland. Aimed at obviating what the Association calls excesses which could lead to misunderstanding and criticism on the part of the public, the guidelines lay down that the official concession shall not be used as a "seal of quality" in advertising and that any statement of certificate yield must show plainly how this is calculated, particularly in the case of compound yield. The Association also recommends that value development for fund holdings or certificates be presented in a uniform way so as to make these data properly comparable.

Difficulties

A breakdown of the performance of various types of Swiss investment fund shows that, for all the current difficulties in the building and letting sector, the real estate funds did best of all last year and continue to do best this year. Although the number of real estate funds declined from 54 in 1967 to 38 last year, a study published last month by the Federal Bureau of Statistics shows that their combined assets have increased uninterruptedly from year to year reaching Sw.Fr.4.74bn. in 1974, and the total dividend sum also rising without a break to a last year's record of Sw.Fr.190.6m. Real-estate funds, all but four of which operate solely in Swiss properties, tend to be solid and relatively old-established concerns, the dead wood having been largely hewn away over the past seven years.

A further 75 Swiss investment funds—the number has doubled since 1967—work only in the securities field and it is not unnaturally here where the real blow struck last year, with the market value of certificates taking a 34 per cent. dive from Sw.Fr.12.3bn. to Sw.Fr.8.13bn. Mixed funds, consisting of six funds dealing in both real-estate and security holdings at home and abroad, sustained a 14 per cent. decline in certificate market quotes. Over the past year, study of the certificate prices for major security funds—most of which are affiliated to leading banks—shows that the bond funds have suffered the smallest falls in unit value, followed by the international funds, the national or regional funds and the industry funds.

The future development of the Swiss investment funds naturally depends primarily on stock and property market performance, but also on such extraneous developments as the level of the Swiss franc and to what extent, if at all, the Government feels constrained to clamp down again on foreigners' purchases of Swiss securities. Generally, the picture is one of basically well-heeled funds adjusting their portfolios to rapidly changing investing conditions after the boom.

John Wicks

A crucial period for gold

THIS IS a crucial year for the international gold market and consequently for the Zurich gold pool operated by the major Swiss banks—the Union Bank of Switzerland, the Swiss Bank Corporation and Credit Suisse. In the last two or three years they have seen major structural changes in the demand for gold with the eclipse of industrial consumption and the rise of the speculators. Additional new elements are the resumption of private gold trading in the U.S., and the worldwide fall in interest rates making the hoarding of gold less expensive in comparison with other forms of investment. Counterbalancing this there has been the attraction of the revived stock markets, and the fears of possibly significant gold sales from a number of institutional sources.

The gold market in Zurich at the moment is very thin. With bullion prices fluctuating narrowly around $165 per ounce—well down from the high points of last year—potential buyers are sitting back and watching. Their first preoccupation is the June 30 sale by the U.S. of 500,000 ounces. The questions asked in Zurich are whether this is all that will be coming on to the market within a reasonable period, or will there be more sales? How will the market digest this relatively large amount? And what are the Russians planning to do?

There is a fear that the Russian bank in Zurich, which handles all Soviet gold sales, may start selling heavily prior to the American sale in an effort both to obtain what must be seen in the context as a good price for Soviet gold and to deal a body blow to the U.S. Treasury. Above and beyond this, there has been speculation about the possible Portuguese gold sales via Switzerland, and the long-standing question of the future role of gold in the international monetary system.

Decline

In the early 1970s industrial gold consumption stood at some 1,400 tons—higher than the total current production of the western world. Since then, however, the impact of rising prices has caused a steep decline in industrial demand. Last year an estimated 725 tons was sold to industry, accounting for only some three-fifths of current output. And there are indications that the level of these sales will be lower still this year. By 1973 purchases by the jewellery industry had, at 500 tons, dropped to barely half their earlier levels, and with each increase in the price of gold this sector must reckon with further declines in sales—a trend compounded by the generally unfavourable economic climate.

In the meantime, and with the slump of the stock market, the speculators moved into gold in a big way. Instead of augmenting the available supply of gold as previously, the speculators and investors have become net purchasers, absorbing between 520 and 550 tons a year. Indeed, this switch was instrumental in raising demand and providing the impetus to the free market gold boom of recent years. But the large speculative hoardings have produced an unhealthyily volatile market—and some headaches for the traders in Zurich.

Bullion

The bullion trade the big three Swiss banks handle annually—in addition to the healthy trade in gold coins—in volume terms is estimated at some six times the total annual supply of newly mined metal. For 1974 total gold production was set by the Bank for International Settlements at 985 tons, to which must be added the 225 tons of Soviet gold sold through Zurich. The main source of supply for the Zurich gold pool continues to be South Africa which, since late 1969 when it switched the bulk of its gold sales from London, has been selling some 80 per cent. of its output through the Swiss banks. It should be noted, however, that both South African and Soviet gold supplies declined last year, by some 100 tons and 75 tons respectively.

In the case of South Africa, which is now working ores with a lower gold content, it is expected that there will be a further decline this year, although this will probably be offset by increased output from other countries, particularly Papua-New Guinea. On balance western world production, which declined by some 100 tons, or 9 per cent., last year, is not expected to drop any further in 1975. The unknown factor, as usual, is the Soviet Union which will undoubtedly pursue its established policy of selling only when prices are firm and staying out of the market when the demand falls away.

Compared with the approximately 36,800 tons of official gold reserves held in the western world by central banks and international organisations, the annual production, whether it is up or down 100 tons, looks remarkably meagre. As a consequence no one in Zurich doubts that the major issue hanging over the future of Zurich as a platform for gold supplies and purchases—and for that matter for the gold market as a whole—is the behaviour of central banks. Even though the coming U.S. gold sale may put prices under temporary pressure, the Zurich traders believe that the U.S. authorities have already shown that they do not wish to weaken the market excessively, the continuing talk of an outright demonetisation of gold tends to be discounted. Judging by deeds rather than words, the Zurich bankers say, the evidence points in the other direction. By the end of last year it had already been decided that nations could revalue their official gold stocks at market prices. France has already acted on this and other countries may be planning similar moves. In addition, the central banks have been empowered to buy and sell gold among themselves at current market prices. The only remaining restriction, it was noted by a Credit Suisse manager, is that they are not entitled to augment their reserves through purchases in the free market and, "It is impossible to say how long this restriction will remain in force."

But Zurich appears less apprehensive of the possible consequences of the central banks coming back into the market than it has been in the past.

Since the creation of the two-tier market in 1968 when the Zurich banks opened for business "as usual" while London remained closed, the gold pool in Switzerland has so far consolidated its position that it no longer fears the competition of London. "We can also deal under fixing," one dealer commented, noting, besides, that the big three banks enjoyed good relationships with many central banks. With the additional argument that the Bank for International Settlements is headquartered in Basle, the Zurich traders feel that even in the unlikely event that the central banks resume operations in the free gold market, many of them would trade through Switzerland. It is now, they say, not a question of London or Zurich—together we are one large free market.

David Egli

The Industry Secretary to-day meets NVT and Meriden management and unions to discuss further aid to the U.K. motorcycle industry. **Terry Dodsworth** reports

Mr. Varley's motorcycle hot seat

IN HIS first week as Secretary for Industry, Mr. Eric Varley has walked right into the middle of the financial crisis enveloping Norton Villiers Triumph and the Meriden motor cycle co-operative. *To-day he will have* to consider the NVT Board's claim that the company needs another £30m. to £40m. to continue, quite apart from the £10m. the Government has already provided the two concerns and the £12m. it has guaranteed in export credits. On the face of it he seems to have little alternative but to provide the money—and to go ahead with nationalising NVT.

This situation was, in a sense, an inevitable result of the solution to the Meriden sit-in chosen by the former Industry Secretary, Mr. Anthony Wedgwood Benn. For the three-factory organisation demanded by Meriden workers, and accepted by Mr. Benn, was specifically rejected by NVT on commercial grounds. Mr. Dennis Poore, the NVT chairman, claimed at the time that such an organisation would need an extra £15m. of Government support.

His view was that the rump of the motor cycle industry which NVT inherited—the Norton factory at Wolverhampton, and the two BSA factories at *Small Heath, Birmingham,* and Meriden, Coventry—could be successfully rescued only by abandoning Meriden.

Then the Meriden sit-in began, and with it, Mr. Poore claims, all hopes of profit ended. The Meriden sit-in dragged on and NVT drifted helplessly into a state of limbo. In all, since the launch date in October, 1973, NVT has lost about £8m.

Compete

Even more serious is the effect on the plans for a new *generation of machines, which* would have allowed major production line reorganisation. "Until we have re-tooled we cannot compete," says Mr. Poore.

All this inevitably means that the private sector solution has become increasingly unlikely to succeed. The company should have been sufficiently healthy by next year to be able to go to private investors for funds. Instead, *it* is approaching the Government. State support on the scale needed would completely swamp the private shareholding in the company, reducing it to about 10 per cent. depending on the form of the assistance. It would also imply backing for a much larger industry than NVT originally proposed.

The doubts set in on the *figures NVT has put forward for* developing the three-factory industry—starting at £12m., then going up to £15m. last autumn (with an adjustment to £25m. for inflation) and now up to £30m.-£40m. The figure is an amalgam of the amounts needed to cover losses while the group is put on its feet, plus the investment to develop the new range *of machines* and bring capacity work to the factories. One idea is to buy in components for a range of smaller machines and develop a highly automated assembly line in the U.K.

Behind the alarming jump in the calculations, says Mr. Poore, is inflation. At present it is not easy to judge these figures. So far—*although this should be* rectified soon—NVT has published no detailed accounts in its two years of existence. Protest about this has no doubt been muted by the fact that *Manganese Bronze, of which Mr. Poore is also chairman,* is the major shareholder with a 49 per cent. stake, the rest being held by 150,000 former BSA shareholders. But the result is acute uncertainty about the true situation and long-term viability of the group.

Into this uncertainty has now been thrown an additional factor —*the collapse of the U.S. mar*ket. Because NVT has chosen to *concentrate on the so-called* "superbike"—the 750 cc and over range—the American market is all important. More than 50 per cent. of NVT output is exported to the U.S. where motor-cycles, until *this* year, have been a fashionable diversion for the affluent middle classes.

The sudden demand slump *appears to have taken NVT by* surprise. In March this year it was talking of spotting signs of the summer buying season's developing. Now, according to Mr. Poore, the figures show a 62 per cent. decline on last year's sales; the Japanese have huge stocks in hand; and heavy discounting has begun.

Dilemma

This presents Mr. Varley with a serious dilemma. On the one hand, he can scarcely acquiesce in the closure of any of the factories, now that *Meriden* has been supported. Yet there is an immediate need to cover current losses and considerable anxiety over the market prospects—the company is already building for stock. In the longer term, viability depends on at least doubling the present planned output of about 60,000 machines a year (Wolverhampton 25,000, Small Heath 10,000, Mereiden 24,000). That means going into the smaller capacity machines, and taking on the tremendous task of meeting the Japanese head-on in the market where they excel.

If the money is provided, Mr. Poore will be in an awkward position. The Manganese Bronze stake could then decline to 10 per cent., insufficient to carry much influence. Given that Manganese Bronze, which put £3.7m. into NVT, could get a satisfactory offer from the Government, it would probably *like to get out.*

There are some who detect Machiavellian tactics at the DoI, saying that the delays of the *past 18 months have man*oeuvred Manganese Bronze into a position where it has little bargaining power. Mr. Poore has however been careful to run NVT at arm's length, and refusing to consolidate its accounts into MB's.

Unhappy

In any case, it is not easy to see how the unhappy relationship between the NVT Board, running its two factories, and Meriden, a self-contained co-operative, can continue. At present NVT sells the Meriden-produced machines, delivered at an agreed price. But Meriden's *future* depends on an engineering and development *facility which it does not have* —in other words, NVT's designs.

Apart *from* this Meriden appears to have made a reasonable start to co-operative production *since March. With its* 350 men (down from 1,750) it produces a Triumph machine which, in spite of having its heyday 10 years ago, is still probably more popular than the Norton Commando. There is also agreement, shared by NVT, that the plant is working with greater efficiency than in the past.

Given this start, Meriden might be tempted to tell Mr. Varley that it would like to go it alone. Whether it could survive on that basis is another question. Clearly, there is some *virtue in integration: this is* how the Japanese have organised their industry to such great effect, and ideally some form of link between the co-operative and the other two factories — whether privately or publicly owned — ought to be sought. Finding a solution will give Mr. Varley a real test case in the tangled relationship *between Government, private* industry, and the forces of workers control which have developed at NVT.

THE LONDON ASIATIC RUBBER AND PRODUCE COMPANY, LTD.

Mr. P. T. Gunton's Statement

ACCOUNTS

The company enjoyed a record trading year in 1974, with a turnover of £15.5 million compared with nearly *£10 million for 1973,* and a pre-tax profit of £6.1 million as against £3.7 million last year. Rubber prices fell away during the year but palm oil prices remained at a high level until the year's end. Proportional contributions to turnover and *trading surplus from rubber and palm pro*ducts were respectively 48 and 52 per cent., and 30 and 70 per cent.

The provision for taxation, including advance corporation tax related to dividends, is £3.16 million, representing some 52 per cent. of the profit and it is noteworthy that export duty and cesses, which increase progressively at higher price levels and are deducted before arriving at the pre-tax profit, totalled nearly £2.9 million for 1974, an increase of over 107 per cent. from the 1973 figure. From a *total amount of £8.6 million* derived from the year's trading before the deduction of duty, cesses and tax, no less than £6 million, or 70 per cent. is required for these items before we can consider making provision for reinvestment and distributions to shareholders.

The board have transferred £2,152,842 to general reserve and recommend a final dividend of 1.72335p per share, making a total distribution for the year of £730,993, or 2.10022p per share, the maximum amount permitted by the U.K. Government's counter-inflation legislation.

We increased our trade investments during 1974 by about £100,000 to a book cost of £1,176,928. Our holdings were valued at the year's end at £1,285,025 and gross income was £94,548. Sabah Plantations, in which we have an 11 per cent. interest, after a year of record profits, was able to repay a substantial part of its loan capital, convert the remaining loan into equity, with a capitalisation issue, and has since paid a good dividend.

ESTATES

Crops of both rubber and palm products were better than anticipated. Good tapping conditions offset the effects of crop lost from rubber acreages cut out *for conversion* to oil palms and instead of cropping about 1m. kg. less than in 1973 the 1974 rubber harvest nearly met the previous year's figure. The yield *per mature* acre *rose* from the 1973 figure of 673 kg. to 692 kg., reflecting the value of our policy of reinvesting year by year in replanting with the best proven high-yielding material. The increase would have been greater had government measures to reduce output not been enforced.

Our disposal policy for rubber continued unchanged during 1974, although the relative proportions of sole crepe, Harub and other grades naturally change with market demand.

We expected about 34,000 tons of palm products during 1974, but in the event our *factories out-turned 37,667 tons, a very satis*factory result in a year of high oil palm prices. A further 1,890 acres came into harvesting rounds during the year and despite the effect of this acreage of initially low yielding palms the yield of palm products per mature acre was maintained at an average of over 2 tons.

The company's three oil mills continue to operate efficiently, producing palm oil and kernels to high standards, constantly monitored by our quality control laboratories both in Malaysia and the U.K.

During 1974 the company reinvested £910,372 in Malaysia by way of expenditure on housing, factories, equipment, vehicles and replantings.

My colleague, Mr. Mathews, visited the company's estates during the latter part of the financial year and reported favourably on their condition and on management standards.

RESEARCH

The research organisations of the Harrisons & Crosfield group, in Malaysia and in the U.K., continue their valuable work in the fields of plant breeding and selection, agricultural and manufacturing techniques and the extension *of the end uses of our products.* This company is participating with others in the group in the commissioning of a factory on an estate under Harrisons & Crosfield management, to exploit a new technique for manufacturing free-flowing rubber powder. *This process has been developed by our* scientists and engineers and will, we hope, provide a further profitable outlet for natural rubber.

MARKET REVIEW

The violent upward movement in the rubber market during 1973 was carried briefly higher in January 1974 when an F.O.B. price for RSSI was reached in Kuala Lumpur of 278 Malaysian cents per kilo. This proved however, to be a signal for an equally dramatic decline, and prices fell almost uninterruptedly for the next six months until the trend was temporarily reversed in July by the decision of the Malaysian Government to request estate producers to keep back a part of their rubber from the market. Thereafter the precipitate fall was resumed, and towards the end of November the RSSI price touched 97 cents before recovering sharply under the stimulus of further Malaysian Government action. This took the form of a compulsory suspension of tapping for two weeks in December, combined with an indefinite ban on the use of stimulants and a degree of government purchasing from smallholders, which on an over-sold market was sufficient to cause a substantial reversal of the prevailing trend.

In edible oils the boom conditions of the previous year lasted longer than in rubber and, in the absence of any relief in the overall supply position, prices of up to £370 per ton were paid for palm oil. Towards the end of the year, however, the long period of acute shortage showed some alleviation, and with sentiment in commodities becoming more bearish, the year ended on an easier note. Palm kernels, influenced by a sharp increase in Philippine coconut oil production, suffered a severe fall in prices.

PROSPECTS

The first few months of 1975 have brought little to cheer the natural rubber producer. The market has at no time shown any sign of voluntarily moving higher, although it has been kept steady at around 120 cents per kilo for RSSI by persistent announcements from Kuala Lumpur regarding the possible implementation of a buffer stock programme by the producing countries of South East Asia. With output now tending to increase after the end of wintering, however, and in the absence of any real encouragement from industry as a whole, the market for the remainder of this year has to be viewed with some caution.

The unsettled state in which palm oil ended 1974 has become yet more evident during the first quarter of this year. The market is, for the moment, in a mood to take notice of depressing items of news and to ignore what in more normal times would be thought encouraging, and it has been further upset by serious financial problems which have recently beset a major European dealer. Profit margins do not, however, decline proportionately with prices owing to the effect of the rates of duty levied at higher price levels. At £180 per ton these charges are £37 or 20 per cent. whereas at £360 per ton the figure is about £159 or 44 per cent. of the price.

Our estimate of the rubber crop for 1975 takes into account the possible effects of the Malaysian Government's measures to stabilise rubber prices but, apart from an assumption that the actual crop will certainly be lower than that of 1974, it is not possible to claim accuracy for the figure submitted. For palm products we expect the outputs to continue *to rise* with the mature acreage but we have discounted any repetition of the actual margin over the estimate enjoyed during 1974.

Production costs during 1975 will be affected by the new wages and salaries agreements now being negotiated between the plantation workers' and estates staff unions and the employers. A reliable forecast of profits for 1975 cannot be attempted in current circumstances but, at a time of political and financial uncertainty, the company is fortunate to be operating in Malaysia where strong and enlightened government continues to provide a secure base for our trading operations and high standards of employment for our staff and labour forces.

STAFF AND LABOUR

The nine days' strike in April 1974 by junior staff, with their union's support, had minimal effect on estate operations and labour relations on our properties have been uniformally good. The company's concern for the comfort and wellbeing of all its employees goes well beyond the minimum standards required by government and our workers, in particular, enjoy one of the highest standards of living to be found among estate labour forces in South East Asia.

The company's management, staff and labour forces, most ably supported by the eastern agents, visiting agents, engineers and our scientists have again made their essential contribution to the year's results and I thank them warmly on shareholders' behalf. The company is in good heart and can face the future with confidence.

Secretaries and Agents: HARRISONS & CROSFIELD, LIMITED

APPOINTMENTS

Executive changes at Burco Dean

Lord Hewlett, who joined the Board of BURCO DEAN in May, has been appointed chairman in succession to Mr. Leslie Hiles, who has retired after three years in that post and over 40 years' service with the group.

Mr. John Womersley, who was appointed joint group managing director last autumn with Mr. Roland Eastham and became group managing director from January 1, will now be chief executive. Mr. Eastham is now deputy chairman.

★

Mr. Dick Taverne has accepted an invitation to join the Board of BOC INTERNATIONAL.

A former Labour MP, Mr. Taverne was at one time Financial Secretary to the Treasury. Following his resignation from the Labour Party, he won the Lincoln seat as a Democratic Labour candidate in March 1973 but was defeated in last October's General Election.

★

Mr. Michael Heelas, *former* managing director of Mercedes Benz (GB), is to become managing director of VOLKSWAGEN (GB), part of the Thomas Tilling group. He succeeds Mr. John Wagner, who has resigned, in order to run Group (I and E), his family-owned import business which distributes Hasselblad cameras in the U.K. Mr. Heelas will join the Board of Volkswagen (GB) in August and takes over from Mr. Wagner as managing director on September 1.

★

Mr. H. S. Axton has been appointed deputy chairman of NUFFIELD NURSING HOMES TRUST. He is deputy chairman and managing director of Brixton Estate and also a Governor of BUPA. Mr. J. F. Phillips, vice chairman of Private Patients Plan, and Mr. J. N. R. Wilson, managing director of Carlton Hotels (Bournemouth), have been appointed as Governors of Nuffield Nursing Homes Trust.

★

Mr. Jim Cairns, the Greater London Council's architect responsible *for Thamesmead, the* new riverside town being built on the former Woolwich Arsenal site, has been appointed chief architect and director of works at the Home Office. He takes up his appointment on August 1.

★

Mr. Fraser Miller has retired as director-general of H.P. INFORMATION.

★

Mr. Ted Gillespie has been *appointed director sales and mar*keting of TREBOR SHARPS. Mr. David Stanley is leaving this post to develop his own business interests.

★

Mr. Brian Pepper has been appointed financial director and Mr. Ray Aston technical director of HAM BAKER & CO. (Petrocon Group).

★

Mr. Peter S. Brewin has been appointed managing director of BEMROSE & SONS, a subsidiary of the Bemrose Corporation of Derby.

★

Mr. T. R. Harrison has been appointed director of finance for DOW CHEMICAL EUROPE, in addition to his responsibilities as controller. Based in Horgen, Switzerland, Mr. Harrison will also have overall responsibility in the European area for the insurance and treasury function.

★

Mr. C. J. A. Foote has retired as joint managing director of RICHARD LLOYD, and from the Board of its parent company, The British Rollmakers Corporation.

★

Mr. Theodore Ruoff will retire as Chief Land Registrar on *September 30 and Mr. R. B. Roper* is to succeed him.

Mr. Roper joined the Land Registry in 1932. He was appointed Deputy Chief Land Registrar in 1973. *The present salary of the Chief Land Registrar* is £14,000.

PARLIAMENT

Left warns on any CBI-inspired changes to Industry Bill

BY JOHN HUNT

A GRIM WARNING that the Left wing of the Labour party will fight against any fundamental changes to the Industry Bill which are inspired by the Confederation of British Industry was given to the Commons yesterday by Mr. Eric Heffer, former Minister of State for Industry.

He said that the Prime Minister and the Cabinet should realise that he and his colleagues would continue to oppose any such amendments until they were removed from the Statute Book.

But Mr. Gerald Kaufman, who has just moved from the Department of the Environment to be the new Under-Secretary for Industry, assured the critics on his own back benches: "There is going to be no emasculation of the Bill.

"I have not spent 15 months carrying out Labour party policy at the Department of the Environment to come to the Department of Industry to sell out Labour party policy there. I have come there to carry out the policy of this Government and that is what I intend to do."

Gesture

As a gesture that they were in earnest, six Left-wingers voted against the Government on the "guillotine" motion which allows three days for the report stage and third reading of the Bill.

A Conservative amendment seeking to extend the time to four days was defeated by a Government majority of 30 (192—162).

The Left-wingers feared that as a result of discussions which the Prime Minister had with the CBI on Tuesday, radical changes will be made in the Bill to take into account the strong objections of industry to certain sections of the legislation, particularly the clauses requiring compulsory provision of company information.

MR. IAN MIKARDO.
'An intolerable insult.'

The Left-wing agreed that more than three days was necessary for debate if such fundamental amendments were made. But they did not vote for the Tory amendment because they feared that to do so would be giving more time for discussion of CBI inspired changes of which they disapproved.

So the six Tribune Group members contented themselves by voting against the Government motion which was approved by a majority of 179 (185—6).

The dissidents were Mr. Harry Selby (Govan), Mr. Dennis Skinner (Bolsover), Miss Jo Richardson (Barking), Mrs. Maureen Colquhoun (Northampton N.), Mr. Ron Thomas (Bristol NW), and Mr. Sydney Bidwell (Southall) chairman of the Tribune Group. In addition, there were two tellers, Mr. Stan Thorne (Preston S.) and Mr. Ian Mikardo (Bethnal Green and Bow).

Declaring that he was speaking on behalf of his colleagues, Mr. Heffer told the House that the Prime Minister and the Cabinet should not come forward with fundamental changes which reflected the opinions of the CBI.

Secret

"If it is done, then I say right now that we in the Labour movement will not accept it and we will fight these amendments all the way through. We shall have a lot to say about it even if they are passed, until eventually they are removed from the Statute book."

Later he angrily interrupted Mr. Kaufman to declare: "If it does happen that there are any secret deals, then we are in an entirely different ball game and the Government had better recognise it."

He was concerned that the CBI was pressing for substantial changes in three areas of the Bill. He thought that the Prime Minister's emphasis in the House on Tuesday on the necessity for voluntary agreements indicated that the compulsory requirements for companies to divulge information were to be weakened.

MR. GERALD KAUFMAN.
'No emasculation.'

According to Mr. Heffer, the Prime Minister had said that planning agreements could be entered into at the request of shareholders. But, in fact, the CBI was now pressing for the agreements to be concluded only with the directors of a company.

Mr. Heffer also expressed fears about the guidelines which the Prime Minister was drawing up for the operation of the National Enterprise Board. "It could be that we would see a Board which had no money available. It would just be "suspended" in mid-air and not able to do the job that the Labour party wants it to do."

Insult

He received strong support from Mr. Mikardo who thought that the way the Government was handling the Bill was an "intolerable insult" to the members of the standing committee who had spent 40 sessions considering it.

Mr. Mikardo said: "It is absolutely clear that the Government intends some action which will make null and void a great deal of the work that was done."

Liberal industry spokesman Mr. Richard Wainwright, said the time for debate proposed by the Government fell "shamefully short" of the time that would be required for all points to be put reasonably.

Mr. Douglas Crawford (SNP Perth and East Perthshire) declared: "My party wants as much time as possible to ensure the writ of the London-based National Enterprise Board does not run in Scotland at all," he said.

For the Opposition, Mr. Michael Heseltine, "shadow" Industry Secretary said that proceedings on the Bill had been "tantamount to a farce." The Opposition's amendment to extend debating time was a form of "protest."

Freud calls for direct elections to Europe

THE COMMONS yesterday gave a formal first reading to a private member's Bill to enable U.K. citizens to elect representatives directly to the European Parliament.

Under the Representation of the People (Amendment) (No. 2) Bill, introduced by Mr. Clement Freud (L., Isle of Ely), there would be direct elections by the proportional system for the 36 seats in the European Assembly to which the U.K. is entitled.

Mr. Freud said it had been proved that the average Westminster MP who went to the European Parliament as well, needed 450 days a year properly to discharge his duties to his constituents, the British Parliament, and the Strasbourg Assembly.

"The current state of the European Parliament shows how very unfair the representation is," Mr. Freud declared. Of the 13 British members, 12 were Conservatives and one a Liberal.

"Two of these are from East Anglia and three from the Home Counties. There is no-one at all from Wales or Northern Ireland."

Mr. Freud said the European Parliament had set 1978 as the target date for direct elections. But the nine different and very individualistic EEC countries could only achieve this target date if proper preparations were begun at once.

"It must be the aim of this House to further the credibility of the European Assembly. We can do this by our participation and by sending truly representative members of our people. In introducing direct elections now, we could lead our EEC partners and many of us feel this would be a refreshing change for this country."

MPs renew divorce reform plea

THE LORD ADVOCATE, Mr. Ronald King Murray, yesterday rejected a Commons plea to arrange a meeting with the Law Society of Scotland to discuss reform of Scottish divorce law.

The plea was made by Mr. Iain Sproat (C., Aberdeen S.), who said that it was an extraordinary reflection on the Government's priorities that it should have given time for debating hare coursing, while refusing time on Scottish divorce law reform.

He added that the Law Society was in favour of reform.

Mr. Murray said that divorce law reform could not be considered in isolation. It was an aspect of family law generally and this was under review.

Mr. Norman Buchan (Lab., Renfrew W.) said that the situation was now "a scandal" in Scotland, and the Commons had been unable to pass the Divorce Law Reform (Scotland) Bill, sponsored by Mr. Robin Cook (Lab., Edinburgh Cent.).

Mr. Thomas Galbraith (C., Hillhead), who has consistently opposed Mr. Cook's Bill, claimed that this was not an impersonal legal problem. "It is a human matter and should not be dealt with merely by legal experts or the Law Society of Scotland but by those expert in emotional and human problems," he said.

Safeguards on capital

BRITAIN IS to invoke the balance of payments safeguards in the Treaty of Rome in order to avoid liberalising certain personal capital movements to other EEC countries by July 1, 1975, as provided for in the Treaty of Accession, Mr. Edmund Dell, the Paymaster General disclosed in the Commons yesterday.

Rates strike justified if council spending too high—YC leader

BY RICHARD EVANS, LOBBY CORRESPONDENT

A CONTROVERSIAL proposal that ratepayers should consider a rates strike in protest at unnecessarily high local government expenditure was made yesterday by Mr. Tony Kerpel, national chairman of the Young Conservatives.

In a speech to Hampshire YCs at Farnborough, Mr. Kerpel, in defiance of the views of the party leadership, argued that if local authority spending continued to get out of hand despite cuts imposed by central government, "then it may be that local people will have to take matters more into their own hands."

If authorities insisted on continuing high expenditure unnecessarily, and there was no immediate chance of replacing councillors at the polls, there was only one course of action open to people, Mr. Kerpel suggested.

This was to say to the authority: "In default of you exercising your duty to restrain expenditure, we will do the job for you by denying you the money with which to continue your abuse of the public interest."

In other words, they should refuse to pay a proportion of the inflationary rate demands. This was the most direct way by which people could take power back to themselves and make a personal contribution to fighting inflation.

Compromise reached on Land Bill sittings

BY RICHARD EVANS

AGREEMENT TO end the marathon committee stage sittings of the Community Land Bill by July 15 was greeted as a victory yesterday by both Ministers and Opposition leaders.

The compromise, reached at 5 a.m., followed a series of all-night sittings on the Bill which had driven Conservative members of the committee to table an early day motion in protest. They claimed the arduous sittings made it impossible to consider the complex and far-reaching legislation effectively.

Mr. John Silkin, the Minister in charge of the Bill, had refused early requests for shorter sittings because the Opposition would not agree to a specific date for completion of the committee stage.

Having at last obtained agreement to the July 15 date, Mr. Silkin readily acceded to the Opposition request for two sittings a day on Tuesdays, Wednesdays and Thursdays. This is expected to be confirmed by a resolution of the committee to-day.

Ministers are now confident that the measure, which authorises local authorities to take over any site for which planning permission is necessary, will complete its stages in the Lords before the summer recess and become law during the Parliamentary "spillover" period in the autumn.

New scope in Commonwealth

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

NEW SCOPE for the growth of industrial investment in the Commonwealth was foreshadowed on both sides of the Lords yesterday.

Both Lord Home and Lord Balniel, on the Opposition side, urged new initiatives to assist our improving industrial relations with the under-developed countries of the Commonwealth.

Lord Home believed that the better understanding of the U.K. shown by the countries of the new Commonwealth came in some part from their realisation that in Rhodesia we were seeking an evolutionary multiracial state.

Lord Home said there was nothing incompatible between British membership of the European Community and British partnership in the Commonwealth.

"We can embrace both Europe and the Commonwealth and we must make it our purpose to see that they are complementary to each other politically and economically."

Language

The Commonwealth was not a military alliance or an economic bloc. "If the Commonwealth must have a label I suppose it is a political association of nations which can debate any issue without a veto, which consciously seeks a consensus and quite often arrives at it."

Britain should not hesitate to give a lead to the Commonwealth. The English language was bound to the world language of science and technology and we should do all we could to help in the teaching of English in Commonwealth countries.

Opening the debate Lord Garner, former chief adviser to the Government on Commonwealth affairs, said it would not have been right for Britain to join the Common Market without securing reasonable terms for the Commonwealth. He had been surprised at the generosity of the terms secured in the 1970 negotiations. Perhaps the greatest disservice to Britain in Commonwealth relations had been performed by the image of Britain projected abroad.

"It is not only commentators in Europe and the United States who have tended in recent years to write Britain off. Many of our warmest friends in Commonwealth countries think that they see in Britain a country which is heading for disaster.

"Nothing has distressed me more in the last year or so than to hear some of one's best friends in Australia, New Zealand and Canada express the view, certainly in sorrow and not pleasure, that Britain is finished," he added.

Both the Community and the Commonwealth could help us but neither could rescue us. Only we ourselves could overcome our present troubles.

He profoundly hoped that the decisiveness of the referendum vote and the sense of national unity which it engendered would give a new sense of purpose and stimulate us to take the hard road to recovery.

Opposition spokesman Lord Balniel said that in recent years there had been the fear that because of our Community membership, Britain might be turning her back on the Commonwealth. A number of people now felt that Britain was losing interest in the Commonwealth. This was not justified.

"But equally it would be foolish to pretend that things are just the same as they were a year or two ago and it would be wrong to pretend that there has not been a degree of disenchantment in the U.K. about the Commonwealth."

Much could be done to strengthen the elements which still seemed valuable as far as the Commonwealth was concerned. The future of the Commonwealth should be built on the twin pillars of constant consultation and co-operation.

Lord Brockway (Lab) said he regretted the departure of Mrs. Judith Hart from the Ministry of Overseas Development. "She did more constructive work, with greater intensity of sincerity than anyone who has held that post.

"I particularly regret that the Department should now be made subordinate to the Foreign Office, with the danger that political motives rather than humanitarian need will determine how aid is given."

He called for an assurance from the Government that it would press for the Lome Agreement to be extended to Commonwealth countries in Asia, many of which were the poorest Commonwealth nations with the largest populations.

Lord Greenhill of Harrow, a former Permanent Under Secretary in the Foreign Office, said that some historians of the future might argue that the concept of the Commonwealth effectively concealed from the British public, British industry and successive Governments the full extent of Britain's world position.

Immigration, Rhodesia and Europe were areas in which decisions were made more difficult and possibly were wrongly made because of the existence of the Commonwealth. He added that he did not share this view, but there was substance in the argument.

Lord Cobbold, former Governor of the Bank of England, commented: "If we are to be successful partners in any association, whether Europe or the Commonwealth, we have first to put our own house in order and to deal with our own inflationary problem. The sooner we get on with this the better for all concerned."

Lord Segal (Lab.) warned: "If our economic situation becomes weaker so will the ties which bind us to the countries of the Commonwealth also weaken. The stark fact remains that there is literally no other country to take the place of Britain as leader of the Commonwealth.

"If we can create a stable flourishing economy here at home and restore sterling to one of the world's hard currencies, then the Commonwealth will become as strong as it has ever been and still have a great role to play in shaping the world's future."

Silkin explains powers to stop publication of books

ATTORNEY GENERAL, Mr. Sam Silkin, questioned about the Crossman diaries, yesterday explained his powers to take court action to stop publication of books.

He told the Commons in a written anwser that it was part of his job to take action necessary "to protect the public interest and accord with the existing law."

Mr. Eric Heffer (Lab., Walton) had asked him to explain what criteria were used in seeking an injunction to prevent publication of documents like the diaries of former Cabinet Minister.

Mr. Silkin replied: "So far as concerns action to prevent or delay the publication of books and documents, I pay particular regard to the principle of collective Ministerial responsibility, which necessarily involves the preservation—so long as necessary—of the confidentiality of discussions entered into and documents circulated on the basis of confidence."

Summerskill attacks cost of drugs 'with no effect'

MILLIONS OF pounds are being spent each year on drugs which have little or no effect on patients, Baroness Summerskill (Lab.) said in the Lords yesterday.

Lady Summerskill said that the Director General of the World Health Organisation had reported that consumers were being sold many drugs with only marginal or no impact on health. She asked what action the Government proposed to take.

Patients often suffered from diseases which were caused by the drugs they were taking.

Lord Wells-Pestell, Government spokesman on health, said that the Government had announced plans for a comprehensive review of the efficacy, safety and quality, of all medicines currently marketed in Britain, many of which had never been reviewed before.

Advertising and...

TV down: radio up

BY ANTONY THORNCROFT

THE technicians dispute seems to have cost the commercial television companies between £2m.-£3m. in advertising revenue judging by the May figures. These show that ITV revenue was over £400,000 down on May, 1974 at £13,274,506. Without the interruption in programmes ITV might have shown a 10 per cent. gain in revenue.

Advertisers are booking TV spots so close to transmission that it is impossible to gauge whether the companies will win back the lost revenue. The indications are that June is 10 per cent. up on last year, which suggests that the lost money is not coming back to any great degree.

It may be that the possibility of a rail strike is holding back the commitment of marketing investments so cash could flow more freely if the dispute is settled. One encouraging sign for ITV is that audiences have come back strongly after the interruption in programmes.

For commercial radio May was another encouraging month, with revenues for the eleven stations on air rising to £700,264, as against £611,825 in April. If the summer months maintain their encouraging start it could be that the local radio stations will reach the £10m. revenue target in 1975, comfortably above the pessimistic forecasts.

● DOYLE Dane Be nbach has been appointed by the COI to handle the avertising for the Department of Health and Social Security campaigns on social benefit subjects, including the Family Incomes Supplement. The account has been with Leo Burnett since 1969, and although the budget for 1975-76 has yet to be determined £350,000 was spent in the last financial year.

● TBWA in London is now handling the advertising for the Atlantic editions of Newsweek Magazine. The TBWA agencies in Paris, Frankfurt, and Milan will be involved in promotions and sales support activities.

● FLETCHER-SHELTON has gained all the P & O Ferries business, worth about £450,000 a year. Previously the individual ferries had their own agencies but now there will be more of a corporate advertising campaign.

● GILLETTE is switching its Techmatic razor account from OBM to JWT. JWT will now look after all the shaving products while OBM concentrates on toiletries. In another move between the two agencies JWT gets the BP Pink Paraffin account, which spends around £250,000 in a normal year.

● AFTER six weeks in operation 12 per cent. of housewives in the Yorkshire TV test area are collecting bonus money, according to Glendenning, the marketing company handling the promotion. Basically anyone buying certain brands receives points, and a collection of 1,500 points can be redeemed for £1.5p in cash. Companies like Lever Bros., Cadbury-Schweppes and Pedigree Petfoods have brands in the scheme. In the U.S. a similar exercise is now national, with points collected by a quarter of households. Glendenning claims that companies participating there get 10 per cent. extra sales.

● BENTON and Bowles will, in future, look after all the European advertising of Alcoa, the world's largest aluminium company. Previously the agency was responsible only for its activities in the U.K. The agency will be paid through a combination of fees and commission, to the equivalent of £500,000 plus a year.

● "ATTITUDES towards Advertising" is the IPA's latest collection of the public's opinions on advertising. The compendium consists of facts, figures and charts compiled between 1962 and 1972, and cost £1.50 from the IPA, London.

Coining it

OLD COINS have proved one of the very, very, best forms of investment in the last ten years, and while other sectors of the art world have had their tremors in the past nine months, coins show few signs of losing their appeal. So Seaby, the London-based company which is the leading European numismatist, has been kept busy.

Like most fine art dealers the main problem recently has been getting sufficient supplies from potential sellers, but Seaby is now taking a marketing initiative. Last week it was transporting a mobile exhibition to Jersey where the financially flush islanders can look at (and buy) selected coins, ranging from an Iron Age currency bar, valued at £250 to a Queen Anne gold piece for £4,000. The exhibition was advertised on Channel TV at a cost of just over £20 for two peak spots; and should be the first of many displays around the U.K.

The boom in coin prices—a representative collection of English coins has risen fortyfold in value over the past 20 years—has started to attract the attention of companies, and on the Continent Seaby is dealing with corporate investors. But despite the mobile exhibitions, the bulk of the business, now well over £1m. a year, is done through the catalogue, with collectors, many of whom started as investors and have been humanised.

A.T.

The Marketing Scene

Burnett acts to meet the crisis

BY ANTONY THORNCROFT, MARKETING EDITOR

THIS year the average advertising agency has managed a 5 per cent. increase in income—while costs can be up to 40 per cent. greater. The whole structure of the advertising world, with the agency's livelihood based mainly on billings and most clients reducing their expenditure, is becoming impossible for the agencies. This week Leo Burnett has attempted to break through the strangle-hold by initiating the most drastic series of changes to hit the advertising industry for years.

In short Burnetts, the fifth largest agency in the world with 1974 international billings of 577.7m. dollars, has reduced the staff of its London office by 20 per cent. At the same time it has notified eight clients, accounting for over 10 per cent. of its billings, that it intends to cease working for them.

Mr. Gordon Barrett

In all 53 people employed by the agency were given notice this week, reducing the staff to 188. The accounts department at Maidstone is not immediately affected, although there could be sackings here in the future. The current wave of redundancies reduces the Burnett payroll from over 300 18 months ago. At the same time the agency's billings have remained the same, at around £17.5m.

Ironically the staff shedding means that this year Leo Burnett will not make a profit. It might have made a small surplus, but the severance payments will eat up any profit. The changes should mean a reduction in costs of 20-25 per cent., and a billing fall of only 10 per cent., since the advertisers dropped are not particularly profitable, have limited prospects, and do not fit into the new structure at the agency. Their identities remain secret to save them from the attention of over 200 agencies, but none bills over £300,000.

For Leo Burnett the changes represent a commitment to a new type of agency. The redundancies are concentrated in the administrative and planning areas. In future Burnett will major on its creativity ("the agency's product is the advertisement," says managing director Gordon Barrett; its client service and research; and its media buying.

The agency is able to make the staff cuts partly because it will lean heavily on its computer which comes on stream later this year. The main department shredded is administration, and in future the creative and client servicing functions will be headed by the same personnel. Planning will specialise on the media side rather than more esoteric areas, although the Life Style research, which the agency has pioneered in the U.K., survives in the form of a second generation model. But basically research will concentrate on advertising and its evalution.

Mal Lovell is one of the directors to leave the board, but he will continue as a consultant on research matters. None of the other top line casualties are among the agency chiefs, and there are promotions—Ron Bond, Gare Bogaerde, Susanna Seggit, and Jeff Fergus join the Board, with Paul Lazell becoming client service director and Susanna Seggit taking over from Mark Lovell as research director.

The agency will also achieve a considerable saving in overhead costs, although it intends to remain at 48 St. Martins Lane. The surplus office space will be let to service agencies in the group. The agency has alerted clients to the changes, and despite its problems this year, is able to claim new business from Kimberley Clark, RHM, Philip Morris, Pilkingtons, Scottish & Newcastle, the COI and the Greek National Tourist Board in 1974-75. It is just that some of its major packaged goods clients, like Beecham and Cadbury, have not been able to maintain their advertising budgets. Hence the reassessment. Other subsidiaries, such as the financial advertising, are not affected.

Cutting cost of pitches

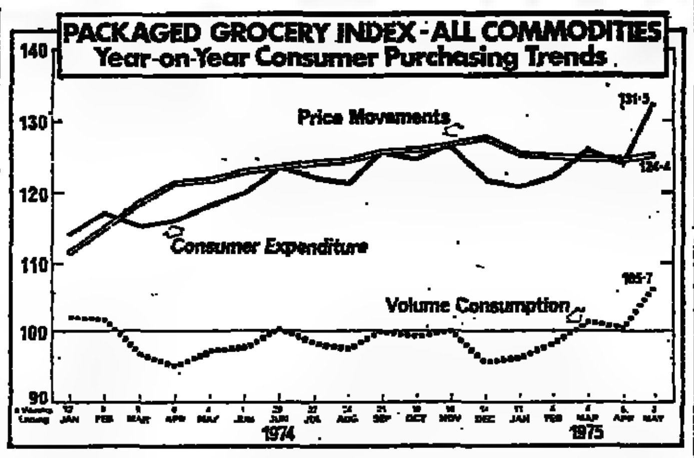
IT COSTS advertising agencies around £1.2m. in staff time and overheads to pitch for new accounts during a year: it costs advertisers over £500,000 in looking at prospective agencies. Now a new organisation, which has produced these rough estimates, has emerged, designed to save some of this usually wasted expenditure.

Called the Advertising Agency Register, and run by Lyndy Pyne and Joan Millington formerly of Berkeley Staff, the idea is that agencies pay £200 to sign up for a year. The Register would be revised each month and operate on two levels, one including the obvious data such as staff, accounts, billings, directors, etc., in the agencies, and then the more confidential information, including a ten-minute video presentation prepared by each agency. Advertisers would pay £25 for the basic low-down on any ten agencies they are interested in, or £50 for the more intimate stuff.

The aim is that by going through the Register advertisers can eliminate those agencies that might have made their initial long list, but not the short list, thus saving on costly visits. For agencies there is a similar economy in that they will not have to make presentations that get them nowhere.

Rather limited research suggests that at present 17 agencies might be considered for an advertiser's business, perhaps 12 will be visited, and four short-listed. If you are a short-listed agency you can spend £1,200 in basic costs on the presentation, and rarely is this investment recouped from the advertiser. All told, with an average eight short listings a year, an overall rough total for just the 50 largest agencies in the U.K. reaches £1.2m. spent on presentations.

The logic behind the Register is impeccable, but it is doubtful whether all advertising directors will want to relinquish the pleasure of calling on agencies for lunch, etc., and whether agencies, in such uncertain times, can dare to trust their future clients to something as impersonal as a Register. They know they waste time and money hustling for business, but this is now an integral part of the advertising industry. Still, initial reaction to the idea has been good, with 28 agencies already signed up, and a very encouraging response from advertisers.



Northern prices are 20% lower

BY ANTONY THORNCROFT

THE AGB Prices Audit, which alerts both manufacturers and retailers to the prices actually being charged for brands in the shops, is to be extended nationally from September. For the past two years it has been confined to London, and has played a part in the decision of some of the major multiple groups to enforce a rigid system of uniform prices in their branches.

In the early days the Prices Audit showed up such anomalies as tea bags on sale from anything between 21p and 30½p in Spar shops in the London area, and it underlined the fact that successful retailers, like Sainsbury, showed little or no price variation: competitors like Tesco quickly got the message.

In order to get some experience in the provinces AGB has been carrying out trial runs, and the table shows that recent reports of the price variations—and consequently differences in volume sales—between the north and London are quite true. At a northern Kwik Save some representative products could be bought almost 20 per cent. cheaper than a median shopping bag in London. So warnings that the capital with its suffering middle classes will become the poor man of the country, while the C2D's in the north could still afford big shops seems to have some substance.

Of course "own label" does not have such a firm grip in the north and many of these items could have been bought in the "own label" guises in London, but sometimes, at least, "own label" is cheaper because the quality of the ingredients is not so high.

The Prices Audit will cost manufacturers about £4,000 a year, and retailers the same, and is worthwhile if it alerts them to the differences emerging in the country. As well as showing price variations between stores it also keeps manufacturers informed about their distribution.

The chart updates the Consumer Purchasing Trends, derived from packaged goods brands which account for about a third of grocery turnover. The year on year comparisons indicate that prices, although well above a year ago, are rising at a much slower rate.

The big jump in volume in April and early May is explained by the low off-take a year earlier, when consumers were still living off the goods that they had purchased as a precaution in the early days of the three-day week crisis. But at least the year on year figures offer a common sense rationale for the April upsurge, putting it in its long-term context rather than seeing it as a portent of a new trend.

One interesting fact from the AGB research is that "own label" only shows a small increase in volume compared with 1974. Its lower price should encourage purchases, but it seems that in an uncertain trading atmosphere shoppers like the security of advertised brands, and "own label" may also still be suffering from lack of availability, since it is rarely the priority on manufacturers' production schedules.

HOW PRICES COMPARE

	Kwik Save price	Modal price in in London Mults.	% Difference
Ajax Scourer	7	10½	−50
Jacobs Cream Crackers	9½	13	−37
Branston Pickle	15½	21	−35.5
Ryvita	7½	9½	−26.5
Carnation Evaporated Milk	5½	7	−26
Pedigree Chum	14½	18	−24
Fairy Liquid Washing Up Liquid	23½	29	−23.5
Del Monte Pears	15½	19½	−23.5
Bisto	11	13	−18
New Dixcel Twinpack	16½	19½	−18
Weetabix	18	21	−16.5
Nescafe 8oz.	66½	77	−16
Birds Custard Powder	15	17	−13.5
Persil "E" Pack	32	36	−12.5
Kelloggs Corn Flakes	21½	24	−11.5
Typhoo Tea 4oz.	9	10	−11
Oxo	14½	16	−10.5
	£3.02½	£3.61	−19.2

Source: AGB Prices Audit

Orton an incentive

ANYONE planning to go and see the West End production of Joe Orton's play Entertaining Mr. Sloane and who is also considering buying new hi-fi equipment, or perhaps one of those new television games machines, should visit a Lindair shop, or a Henry's Home Entertainment Centre next week. For in a joint promotion any expenditure of over £35 on equipment gets you two free tickets for the show.

This post-Budget idea for stimulating sales is obviously aimed at tourists, who every summer visit Tottenham Court Road and Edgware Road, the two centres of hi-fi land, for goods still much cheaper than overseas. David French, chief executive of the family concern that runs both chains, does not expect British buyers to come back in force before September.

Still French is quite optimistic about the future, despite the Budget's 25 per cent. VAT (10 per cent. more than trade expectations). He is diversifying out from hi-fi into television rental, TV games machines—and electronics supermarkets. The company has recently opened a supermarket in Brussels and next month the first U.K. operation starts in the Edgware Road.

The supermarket will cater for the DIY fanatic and the smaller repair man who have, in the past, bought mainly through mail order. The range moves upwards from 1p valves to everything you need to build a radio set for less than £10. There are already plans for a national chain of such electronics stores.

New products

MANY new products come from abroad—visiting U.S. supermarkets is the easiest and cheapest way of getting ideas. Now there is a publication which every fortnight reports on all the new packaged goods products introduced into Western Europe.

Called the European New Product Report it is published by International Information Services based in Horley, Surrey, and owned and run by Dennis Shearman, who was chief executive of Alexander Butterfield and Ayer. Basically for £18.75 a quarter subscribers receive every two weeks a report on around 150 new product launches. In addition there is a European-wide product procurement service so that product samples can be evaluated in the U.K.

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897

Birmingham: George House, George Road 021-454 0922
Dublin: 8 Fitzwilliam Sq. 785321
Edinburgh: 15 Hanover St. ... 031-226 4120
Leeds: Permanent House, The Headrow 0532 454969
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.50.59 (editorial) 236.80.01 (business)
Bonn: Pressehaus 11/104 Heussallee 2-10 222596
Frankfurt 6 Frankfurt am Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 39 Rue Ducale 512 9037
Rome: Via della Mercede 55 ..... 678 3314
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
Toronto: 265 Ont. & Charles St. E. 416 921 5575
Jo'burg: 637 Union Centre East Building, Harrison Street (cnr. Pritchard St.), Johannesburg. 838 7909
Sydney: 364 Sussex Street (Cnr. Liverpool Street), Box 3888 GPO 2001 Tel: 619 517, 618 772
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku Tel: 241 2920

For Business News Summary Ring: 01-246 8026; Birmingham area, 021-246 8026.

THURSDAY, JUNE 19, 1975

Earnings and prices

AVERAGE earnings have been rising faster than retail prices and retail sales have therefore remained steady despite the drop in industrial production. Whether retail trade will remain buoyant for much longer is an open question: the sharp drop in the value of sales in May was largely a reaction to the sharp increase in the previous month set off by the Budget, and it remains to be seen how the present month will turn out. The latest CBI inquiry reports a marked fall in orders placed with member firms in the consumer goods sector.

The April spurt in buying was caused by a rush to anticipate the various increased rates of tax announced in the Budget. It was estimated that these would add some 2¾ per cent. to the index of retail prices, and the May index did indeed rise by the very sharp amount of 4 per cent. over April; this brought the index to a level 25 per cent. higher than that of a year before. The Budget measures, though bound to produce an immediate increase in the cost of living and so to stimulate wage demands based strictly on movements in the index of retail prices, were primarily intended to deal with the fact that wage rates had in fact been rising faster than prices, despite the TUC guidelines to member unions, and to contain consumption.

Sizeable gap

Though the gap between wage and price movements has been narrowed, it is still sizeable. With the Budget tax increases, the retail price index in May was 25 per cent. higher than a year before; the index of average weekly wage rates for manual workers, on the other hand, has been more than 30 per cent. up on the year for three months past, and in May was 32.6 per cent. higher. The figures for any particular month must be treated as provisional, partly because they may be strongly influenced by the coming into force of particular large wage settlements, partly because they are always liable to be revised upwards later as a result of subsequent wage settlements which have been backdated. But the run of figures over the past three months together shows that wage rates are continuing to remain well ahead of prices. This tendency is only underlined by the May figures, though the same month last year was one in which threshold agreements were beginning to have a marked effect on the index.

If wage rates in the private sector rise too rapidly at a time when overall demand is slackening, the result is bound to be increased unemployment. Unemployment has in fact been rising quite sharply, and there has simultaneously been a jump in the number of workers on short time. The growth of short-time working means that the index of basic wage rates is a less accurate guide than usual to the effect of wage settlements on labour costs and consumers' disposable income. The index of earnings, though a month less up-to-date, is a more reliable indicator.

Short-time

There are purely statistical difficulties to be taken into account here too. The run of figures, for example, is interrupted by the fact that year-on-year comparisons for January and February are virtually meaningless because of the three-day week at the beginning of 1974, and even the April comparison is vitiated because there was an overtime ban in the engineering industry in April 1974. The general impression one gets, however, is that average earnings are continuing to rise, but at a slower rate than basic wage rates, and that the gap between the growth of prices and actual earnings over the past 12 months may be narrowing. This result, which the Government has been seeking to achieve, is due less to voluntary restraint in wage claims than to the general economic situation. It suggests strongly that the Government should rely in future on the general management of demand and control of the public sector rather than on a renegotiated social contract if it means to bring inflation under control over a reasonably short period of time.

The elusive boom in the U.S.

IN SPITE of the Administration's persistent optimism, the predicted upturn in the U.S. economy is proving as elusive as ever. Industrial output fell for the eighth straight month during May, with the result that this important indicator is now 13 per cent. below its peak in September 1974. Other indicators still point in conflicting directions. The debate in Washington has settled down into an exchange of statistics between the Administration supporters who favour the "V"-theory and argue that the climb up the V is now beginning, and critics who postulate an "L"-theory and fear a lengthy plateau of recession.

Tax rebates

The truth is probably less dramatic than either of these extremes suggest: a normal "U"-curve, with recovery delayed for rather longer than the Administration has been bargaining for. The ingredients for an eventual recovery are certainly there. People are now receiving the tax rebates arranged for last year, and the effect on demand should soon be felt. The latest count suggests a record budget deficit approaching $70bn. in the current fiscal year. The Federal Reserve chairman, Mr. Arthur Burns, has promised Congress that the Fed's objective for the year from March 1975 will be an increase in the money supply of between 5 and 7½ per cent. on the "M1" definition (currency plus demand deposits); since this is a considerable relaxation of last year's tight money policy the effect should sooner or later work its way through. The run-down in stocks, which can be interpreted in various ways, is seen by the Administration as a guarantee that future retail sales will have a quick and direct effect on orders from manufacturers.

The trouble is that so far the lags are turning out to be inordinately long. It is true that the Commerce Department's newly-reconstructed index of 12 leading indicators has shown a sharp turn for the better in recent months, but important individual indices remain depressing. Production of materials fell 1.5 per cent. in May, and the output of steel dropped by nearly 10 per cent., with the Fed reporting that the decline seems to have continued into June. This at least partly reflects the uncertainty in the motor industry, in which some economists hope for a strong recovery and others fear another year of overstocked showrooms.

Another soft spot is housing and construction. The number of housing starts rose by 14 per cent. in May, but the resulting figure was still a 28-year low for the month and 23 per cent. below the number of starts in May 1974. On top of this, most reports suggest that business plans for investment are still in an unsettled state. And even Mr. Alan Greenspan, the chairman of the President's Council of Economic Advisers, has warned that unemployment, now at 9.2 per cent., is likely to reach a peak during the next few months before it begins to fall.

Resistance

The general uncertainty is understandable. The Administration believes that it has the levers set about right, and, to its credit, is resisting some proposals that would smack of an ill-timed panic turn-around of the kind that has done so much damage in this country in the past. Mr. Burns has warned that he will tighten credit again if he comes to believe that inflation is being restoked by a too-rapid recovery. But all these good intentions could be upset by events that are not wholly within Washington's control: a sharp rise in the price of oil in September, say, or a failure of the other leading industrial economies to move towards their own recovery at a suitably measured pace. The upturn will surely come—but the questions when? and how much? and how inflationary? remain unanswerable.

Tankers and bankers: little oil for troubled waters

The huge tanker surplus bodes ill for some banks who have lent to shipowners. By Stewart Fleming

ACCORDING TO the mid-June analysis by shipbrokers John I. Jacobs, the number of oil tankers laid up or idle has now reached 438, totalling some 30m. deadweight tons or over one-tenth of the world's tanker fleet. This number includes 20 giant tankers of over 250,000 d.w.t. but excludes 43 combined carriers, totalling 4.5m. d.w.t. which are also laid-up. At current building costs, conservatively put at $200 per d.w.-ton this wasted shipping is worth over $6bn. in terms of replacement cost.

Another measure of the crisis is given by H. P. Drewry, the shipping consultants who forecast Burmah Oil's tanker problems in mid-1974, some months before Burmah itself fully appreciated the risks it was running. Drewry suggests that, in addition to the 30m. d.w.t. now idle, a further 70m. d.w.t. of tanker capacity is on "short time," steaming slowly with cargo to conserve fuel and avoid being laid-up.

Overall, the evidence is that the situation is still deteriorating with no improvement in sight, even on optimistic assumptions, until around 1980. It is this which is causing anxiety to ship-owners, their bankers, oil companies and Governments, especially in Japan which is heavily committed to building about half the $20bn. total of new tankers scheduled for delivery during 1975 and 1976.

The grim prospects were spelt out most clearly in a report issued by a leading British oil company over the weekend.

Looking at the current order book, the company pointed out—and its figures are widely accepted in shipping and banking circles—that the world's tanker fleet could increase by around a third in the next two years, with a substantial proportion of the rise accounted for by new VLCC tankers in the 170,000 d.w.t. class and over.

Parking lot

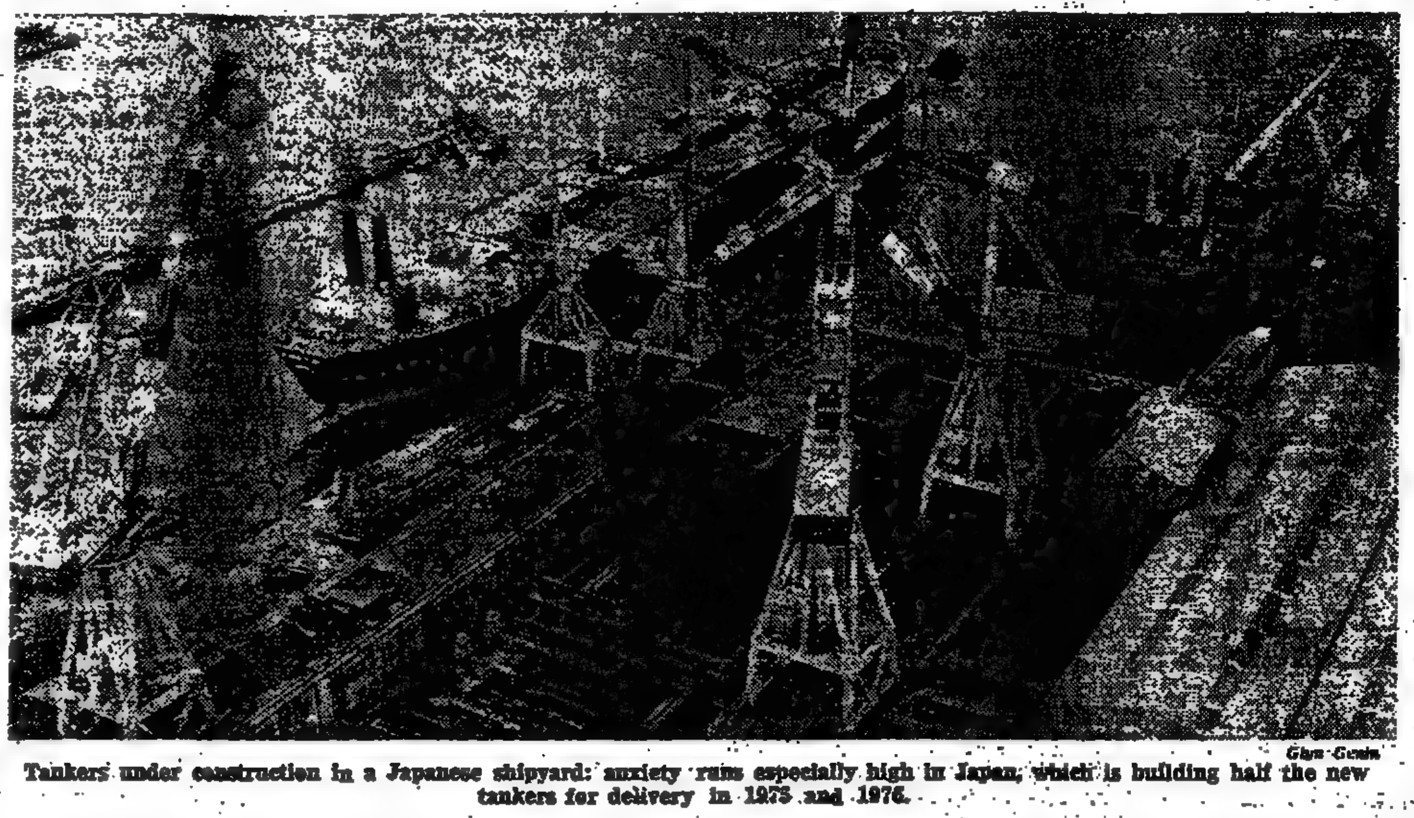
None of this extra capacity is needed, least of all the new ships of over 250,000 d.w.t. So the bulk of the new tonnage now coming off the world's slipways, which will still have to be financed (on the assumption that large scale cancellations will not begin to take effect until the second half of 1976) is likely to steam away to a parking lot in some sheltered (but deep) natural harbour.

About three quarters of this new capacity is on order not to oil companies but to private owners who now control about two-thirds of the world's tanker fleet. It is on them and their bankers that the burden of financing this new and at present largely useless addition to the shipping fleet is likely to fall. The prospect is as worrying to the banks as it is to the shipowners, particularly as the over-capacity has caused a catastrophic fall in short term "spot" charter rates from a level of around World Scale 400 before October 1973, when the last Middle East war erupted, to around WS20 (on a slightly altered basis) for a 200,000 d.w.t. VLCC to-day. It is not just charter rates which have been hit. For banks which lent against the asset value of a ship being built without a charter to take up on completion, the collapse in the market for tankers for sale is just as critical. Thus one of the largest U.S. banks last week cited the example of a 250,000 d.w.t. tanker without a charter which might have sold for $65m. in 1973, but is now worth a maximum of $25m.

As one shipowner remarked: "Some of the banks have not yet told their shareholders the extent to which their shipping loans are uncovered." Even some of those banks which thought they were taking a cautious line by lending only 50 per cent. of construction costs are probably now uncovered on large new tankers without charter. One leading shipping banker says that "even the conservative lending valuation of $180 per d.w.t. is looking shaky now."

How the oil business reached a situation in which it will increase its oil tanker fleet by a third when it cannot even fully employ those tankers it has already got, is easy to describe but difficult to explain. The starting point, inevitably, is the five-fold increase in oil prices since the Yom Kippur war of October, 1973, which was as much a watershed for the tanker market as for Western economies. Before the war, world oil consumption was rising steadily at around 7 per cent. a year, with demand for tanker transport rising rather faster at around 12 per cent., according to some analysts. There was particularly strong demand for long-haul tankers of over 170,000 d.w.t., partly reflecting the increasing importance of Middle East supplies to the U.S. With this seemingly inexorable growth in tanker demand, shipyards were in the early 1970s inundated with orders for new ships.

This expansion could not have occurred without finance being available, and it is freely admitted in both banking and shipping circles that bankers became as infatuated as shipowners with the attractions of tanker investment and the potential profits from it. According to one banker, much of the finance was raised on the rapidly expanding Eurodollar market via syndicated lending. In London, regional U.S. banks are generally cited as being among the relative newcomers to the ship-finance business which joined the long-established leaders in the market such as Hambros and Brandts in London and First National City Bank and Chase Manhattan in the U.S.



Tankers under construction in a Japanese shipyard: anxiety runs especially high in Japan, which is building half the new tankers for delivery in 1975 and 1976.

Potentially dangerous

For the newcomers, the business was always potentially dangerous. Generalisations about the shipping market, the shipowners who operate in it, and the financing schemes they employ are perilous, for shipowners are as diverse as they are ingenious.

The quality of the security which the lending bank is getting will depend on the value of the ship and the quality of its charter (if a charter has been fixed in advance) and, ultimately, on the bank's relationship with the individual and the value placed on his personal guarantee. Clearly, an inexperienced bank entered this historically volatile market at its peril. Nevertheless, in the early 1970s many did, influenced by the apparent security of the rising asset values of supertankers (the term "floating real estate" describes their attitude), the attractive rates of return, and the need to find profitable outlets for expanding deposits.

Naturally, different ship owners have different commitments; some have diversified out of shipping, others have relatively small commitments to large tankers, and yet others cancelled orders for new tankers quickly, at the first signs of depression. So it would be inaccurate to imply that every bank involved in shipping finance is now inevitably faced with owners who are about to repudiate their debts or ask for a moratorium on capital repayments. One leading U.S. bank has claimed that even on its forecast that there will be no significant recovery in the tanker market until 1980/81, it would not need to subsidise any of its clients either by deferring loan repayments or rolling-up interest.

"We see the next crunch coming for owners and bankers who are financing ships which are now coming off the stocks but which don't have a charter to take up," says another banker. "In the current state of the market they have no prospects of profitable employment." Even a laid-up ship needs to be crewed and kept in working order, which is expensive.

It is not only the banks, however, which are expressing anxiety. Already, some oil companies are having to subsidise their most reliable tanker suppliers by making ex gratia payments. They are aware that as the crisis deepens, their own ships, instead of accounting for about 40 per cent. of their transport needs, could account for nearer 70 per cent.

This will not only tie up scarce capital which could be more profitably employed producing crude oil but will also reduce the flexibility of fleet management. There is, too, the danger that some well-established shipowners may be forced out of the market and there is some anxiety that Arab interests might become too important in the tanker market. While some oil companies are looking at the prospects for joint fleet operations with Arab producers, as has already been agreed between BP and Iran, they would clearly not want Arab producers to be able to control both oil production and its transport. In countries with petrol price controls, such as the U.K., the oil companies also lose out when tanker rate indices which are used for costing their freight for price control purposes and which are influenced by spot charter rates, fall below their actual freight costs, which may reflect rates on long-term charters signed some time ago.

For shipowners with relatively limited financial resources, sucked into a speculative tanker boom and now facing the prospect of being unable to service the debt incurred as a result, the outlook is bleak. It is even bleaker if new tonnage is on order, for the costs of cancellation can be high. Hagbe Waage recently paid DM45m. compensation on each of two 472,000 d.w.t. tankers cancelled from a German shipyard.

Bankers faced with the prospect of subsidising shipowners or taking over ships and operating or selling them can scarcely feel any happier. Neither can governments such as that of Japan.

So far the only indication of Government action to try to ease the situation has come from Norway, whose shipyards and shipowners are of considerable importance as sources of employment and foreign currency. But there are some in the shipping world who are quite adamant that wider Government action is needed to avoid the growth of tanker capacity. Otherwise, it is feared, the tanker market could be depressed for a decade. It is argued by some oil companies that the most urgent need is for a vastly increased rate of cancellation of new ships to ensure that the world fleet does not grow by the expected third in the next two or three years.

Cancellations have, of course, been taking place. Thus John I. Jacobs suggested in December that by the end of 1974 some 11m. d.w.t. had been cancelled with another 22m. d.w.t. looking vulnerable. By now as much as 25m. d.w.t. may have been cancelled, with another 25m. d.w.t. actually cancelled but not announced. It is generally assumed, however, that a large proportion of the cancellations relate to 1976-7-8, and even on these estimates the world tanker fleet could still increase by around 100m. d.w.t.

Brink of collapse

Already this year the tanker crisis has brought one important British multi-national company, Burmah Oil, to the brink of collapse, and exposed a number of tanker owners, particularly in Norway, to financial strains. Vast liabilities are piling up and the question of how they are to be shared between shipowners, bankers and governments remains unresolved.

Particularly worrying points are the time scale over which the liabilities will need to be financed and the danger of foreclosure as banks lose patience. At present, even on optimistic assumptions about the growth in demand for oil and tanker transport, and the rate of cancellation of new orders, it will take at least three years for equilibrium between tanker supply and demand to be restored.

MEN AND MATTERS

From Beetles to Hasselblads

Men who voluntarily give up managing £70m. turnovers to drop to the single million mark must be looking for something. John Wagner did it yesterday, aged 42, resigning as managing director of Volkswagen (GB) to take over the odd-sounding Group (I and E). The decision is the more unexpected because Volkswagen (GB), which he took charge of when Thomas Tilling merged its VW and Audi NSU concessions in 1973, has taken an awful beating during most of that period until now. With things coming right at last, and the company taking nearly five per cent. of the British car market in both the past two months, Wagner is going to miss the good times.

These have returned this year partly through British inflation making the German imports more competitive (all the Leyland and Ford price rises well outweighing the fall in sterling) and partly through new models coming in. The VW Golf is already the biggest selling European import, getting to within hailing distance of the import market leader, the Datsun Cherry.

Datsun U.K. is run by Octav Botnar, Wagner's predecessor at Audi NSU. The same sort of musical chairs move applies to his successor at Volkswagen (GB), Michael Heelas, since he is the ex-boss of another Thomas Tilling German concession, Mercedes. And the pattern of importers sticking to importing is also shown in both Wagner's previous jobs as managing director of Volvo and Grundig's British arms, and in his next one with Group (I and E).

Behind that last name is a family business, started by Wagner's father in 1958, after he had already made one successful career in frozen foods. His second was an adaption of his hobby photography, acquiring with I and E the British distributorship for Hasselblad, the Swedish company which makes probably the most expensive "standard" camera systems in the world.

Before Wagner's father's death, he had promised he would take on the business and try to enlarge it, the main idea being to get rich amateurs interested. So Wagner says there is a strong family motive, plus the chance to build up capital —"which I haven't managed to do in 15 years of corporate life" —behind his decision to be his own boss.

A postscript to his career in big business may soon be added. For Thomas Tilling, after profits from VW (U.K.) of £2.8m. in 1973 and losses of £1.5m. in 1974, is negotiating to "reduce its funds" in the VW and Audi franchise. Tilling will not say whether it was aiming at a complete disposal, as it achieved when selling the Mercedes franchise back to the parent Daimler-Benz company two years ago.

Less pain?

Paul Bawcutt clearly sees motorists and their insurance companies in a near-constant state of nail-biting anxiety. "From both the customers' and the insurers' point of view," he said yesterday, "it has always seemed to me to be an unnecessary chore to have insurance contracts which have to be renewed once a year. The insurer has to re-rate the insurance, produce many documents and send them to the customer in the hope that the customer will send back a cheque and carry on doing business with him.

"The customer in turn has to receive these documents, consider their implications, write a cheque for a large amount and return an acceptance to the insurer trying desperately to reach a renewal deadline which may well not coincide with the payment of his salary into his bank account."

Bawcutt's answer is an earnings index-linked, monthly payment scheme for insurance, deducted from a bank account by direct debit and called with rare grandeur the Perpetual policy. Bawcutt, 32, is product development director of Shipton Insurance Services which,

"Probably an invitation to join OPEC!"

since October, 1972, has been part of the C. T. Bowring group. It was started in 1919 by Keith Shipton; his son John Shipton is chairman these days.

Shipton's latest idea is that low-risk drivers (four year bonus holders only) should reduce the pain of facing sudden year-end increases in premiums of up to 50 per cent. Will insurers' liabilities only rise in step with average wage indices? Bawcutt thinks so: damage costs relate largely to mechanics' wages, which have not shown social contract-breaking tendencies, and court injury awards have been going up more slowly than general inflation.

Motoring notes (1)

Bad news for John Simon. He was the man who jumped from the frying pan into the fire, leaving the joint managing directorship of Dunlop in 1972 to head British Leyland International. What Simon, marginally younger than John Barber, the BL managing director, failed to do was to sign up for permanent pensionable employment.

Barber signed a service contract which guaranteed his job, or at least the salary for it, until put out to grass at his 65th birthday on April 22, 1984 to retire to his house bought from BL. So Barber's agreement, at a minimum of £42,000 a year, had nine years to run when Sir Don Ryder decided that the working side of it should be terminated.

Simon had no guarantee of a job for his working life. So he will get just one year's money, though BL sources emphasise that the pension arrangements will be generous.

. . . and (2)

Good news for Jack Jones. He now has his Rover car back from British Leyland's special service depot on Western Avenue, London. This is where some export cars and those of privileged British customers are looked after. The servicing of the Rover took three days longer than usual, but Jones could hardly persist with complaints: Delays at the depot have been due to one-day stoppages by his Transport Workers.

Observer

ECONOMIC VIEWPOINT **BY SAMUEL BRITTAN**

Why the social contract should die

IN THIS column last week I argued that the Government's objective of halving the rate of inflation in the next 12 months was woefully inadequate. This was because (a) if the target inflation rate is as high at 12½ per cent., the outcome is likely to be a good deal higher; (b) an inflation rate of 12½ per cent., even if attained at the bottom of a recession, would be a springboard for much higher inflation when the world economic upturn comes next year; and (c) because it is too late for a gradualist approach to inflation control: starting from 25 per cent. inflation, this would involve years of abnormally high unemployment and recession conditions which no government would be able to sustain.

Basically the choice is between a new approach, designed to secure genuine price stability next year, and learning to live with Latin American rates of inflation—the banana republic option. It would be wrong to resign ourselves to the latter because of a misleading analogy with Italy, where the communists gained following a stabilisation programme.

Cornerstone

The cornerstone of my alternative is a near ceiling on total money spending and money demand in 1976. The aim would be to limit the nominal National Product to a ceiling of, say, £100bn. *in money terms.* In popular parlance this would be presented as a limit of £100bn on all incomes and all spending, to be achieved not by wage or price controls but by regulating the flow of money. Collective bargaining would still be able to influence the distribution of the total wage bill among different groups, as well as a choice between pay and jobs.

The cash limit on public spending advocated by the Opposition financial spokesman, Mr. John Nott, would be a key instrument in stabilising national spending. A similar constraint would be imposed on private spending and incomes by control of the money supply and the Budget deficit. When Chancellors have in the past threatened to take out of the economy any extra spending put into it by union wage claims, officials have tended to smile at their naivete because demand management does not work on this principle. My proposal is that it should.

The Government would, however, *engage in intensive* negotiations and public explanation (a) to convince people that the monetary target will be maintained and (b) to persuade union leaders to accept a nil norm for the generality of workers in 1976 (and some transitional arrangement for the remainder of 1975) as the best way of securing reasonably full employment and an early end to the recession. The policy, which relies primarily on monetary controls, with a "persuasive" approach to incomes as an adjunct, is *poles apart from the present* "tripartite talks" which are attempting to talk down inflation through paper pledges by TUC leaders.

My outline plan is put forward perfectly seriously and not as a *jeu d'esprit.* It is unlikely to be followed, mainly through lack of political leadership and intellectual imagination. But even *if it* has no chance of being adopted by the Wilson Government I still believe that the present tripartite talks do more harm than good, and that a social contract Mark II could actually worsen the rate of inflation. In other words we may be better off if the talks break down and Mr. Healey is left to rely on his other policies. The Engineering Workers' rejection of the social contract could turn out to be the best thing that has happened for a long time.

> **JOINT STATEMENT OF INTENT**
> **ON PRODUCTIVITY, PRICES AND INCOMES**
>
> THE OBJECTIVES
> The Government's economic objective is to achieve and maintain a rapid increase in output and real incomes combined with full employment. Their social objective is to ensure that the benefits of faster growth are distributed in a way that satisfies the claims of social need and justice. In this way general confidence will be created in the purpose of the national plan and individuals will be willing to make ...
>
> ... introduce essential social improvements such as a system of earnings-related benefits, in addition to the improvements in national insurance benefits already announced.
>
> 8. The Government will set up machinery to keep a continuous watch on the general movement of prices and of money incomes of all kinds and to carry out the other functions described in paragraph 10 below. They will also use their fiscal powers or other ...
>
> ... real incomes and generally to promote the economic and social well-being of the country.
>
> *On behalf of the Trades Union Congress*
> (Signed) Collison
> George Woodcock
>
> *On behalf of H.M. Government*
> (Signed) George Brown
> James Callaghan
> Douglas Jay
> Ray Gunter
>
> *On behalf of the Association of British Chambers of Commerce*
> (Signed) Richard Wills
> Charles Hey
> *On behalf of the British Employers' Confederation*
> (Signed) Maurice Laing
> George Pollock
> *On behalf of the Federation of British Industries*
> (Signed) Peter Runge
> Norman Kipping
> *On behalf of the National Association of British Manufacturers*
> (Signed) Leslie Jenkins
> Harold Gray
>
> *16th December, 1964.*

Weighty signatures on the 1964 Statement of Intent, but it was all wishful thinking. Little seems to have been learnt since then.

There is no need to rely on the crystal ball for social contract Mark II, when we can look at the record of social contract Mark I. Let me quote the May Review of the National Institute for Economic and Social Research, a body passionately attached to incomes policy.

"A year ago, in the May, 1974, Economic Review, we calculated that if from the end of Stage 3 incomes rose only in line with past price rises, the rate of price increase would come down to 12 per cent. during 1975, and about half that during 1976. It was basically the intention of the social contract to bring something like that about. During the past year, however, money incomes have risen so much faster than prices that now the prospect for 1975, compared with 1974, is not for a deceleration of the price rise, but for an acceleration."

But, of course, there is a much longer history of wishful thinking about voluntary incomes compacts. Little seems to have been learnt since Lord George-Brown's *Statement of Intent* signed with great ceremony at Lancaster House in December, 1964, in which I was involved in a minor capacity. Wage increases continued to accelerate (to the then unheard of rate of 10 per cent.) and the voluntary system collapsed with the freeze and squeeze of July, 1966, and the 1967 devaluation.

The experience of the 1960s did not prevent the Confederation of British Industry from undertaking its unfortunate price restraint initiative of 1971. The unions did not play the Boy Scout role expected from them in following the employers' example; and its main effect was to give a shove to the decline in industrial profits. The CBI failure did not in its turn prevent Mr. Edward Heath from spending a lot of time at the Chequers talks of 1972 in an attempt to get a voluntary pact from the unions; and neither Lord George-Brown's experiences, nor Mr. Heath's, nor even the experience with its first social contract, have prevented the present Labour Government from following the same path.

There are two separate ways in which an agreement on a Mark II social contract is likely to make inflation worse. First, a belief in its existence is likely to lead to a laxer fiscal and monetary spending policy than *might be expected otherwise:* fewer public spending cuts, less attention to Government borrowing and domestic credit expansion, a greater tendency to "support sterling" through overseas borrowing, and so on. This would arise through a mistaken belief that inflation was being tackled at its industrial roots, and that less weight need be put on financial policy. We had this already under the Mark I contract.

Of course, there is an element of bluff in Mr. Healey's approach. He is clearly holding up public spending cuts and other economic measures, which are planned in any case, to maximise their threat value while the talks with the TUC *are taking place—union* leaders are well aware of this. Even so, there is a difference between what Mr. Healey would be forced to do if the talks broke down and what he would do if they came to a so-called agreement.

Second, there is a strong case for arguing that a Social Contract Mark II would increase the degree of wage inflation—and therefore of unemployment—for any given state of the labour market. The Mark I contract almost certainly had this effect by causing union negotiators to believe that there was no need for a general cut in living standards and that there was room, in addition, for increases for the "low paid," "catching-up cases," and numerous other special situations.

In the Mark II version, any general guidelines are certain to be regarded as the minimum. If there is no social contract, workers affected by the recession might quietly accept quite low pay increases to help preserve jobs. But it would be far more difficult for them to do so if there were a going national rate, which union leaders would expect to secure at the very least.

According to some CBI estimates, a 20 per cent. increase in "employment costs per head" over the next 12 months would be associated with a 17 per cent. rate of inflation. (This may be a little optimistic.) In terms of Mr. Jack Jones's cash sum, this would be £10 per head. To reduce inflation to the Chancellor's 12½ per cent. this sum would have to be cut to £6 or £7.

Assumption

Let us make the improbable assumption that the TUC recommends a general cash sum no higher than this—with some form of words to allow the miners through. This would be a minimum; and there would be plenty of union activity to make sure employers paid it, even *where the silent majority of* workers might prefer to take less and to secure their jobs. On top of this there would be bound to be a good deal of slippage. There are innumerable problems in measuring the size of a wage award: and many employers would be prepared to stretch the rules, either for a quiet life or because they were short of workers, as some are even in a recession.

There is the further danger that, if prices rose by more than expected under the renegotiated contract, unions would want to re-open wage negotiations or ask for thresholds. The whole tripartite exercise is still dangerously dependent on forecasts about exchange rates, import prices, wages drift and other factors which could easily go wrong.

Little has been learned here since Mr. Heath's Phase Three became unstuck. Worst of all, the temptation to subsidise prices or tighten price controls to keep the index down would become overwhelming. The TUC has in any case indicated that it expects measures such as stronger price curbs, more State investment and "planning agreements," together with import controls, as its price for taking part in the Mark II *contract.*

It would be much better to reject this poisoned chalice and rely on the natural forces of the recession to reduce the rate of inflation. The CBI already reports a falling trend in the number of companies expecting to increase domestic prices: and these market influences will be transmitted to wages, if only *some cash control can be put on* public sector spending to prevent public sector wages from running away. (The immediate requirement in the case of the railways is an indication of the cut in the number of railwaymen required to finance each 1 per cent. increase in the wage offer.)

The reduction in inflation to be expected along this route *is* but a temporary and cyclical one, without the drastic monetary ceilings I suggested at the beginning. But at least it would be better than the false sense of security and manifold economic lunacies which will accompany any perpetuation of the misbegotten social contract.

Letters to the Editor

Breaking the spiral

From the General Secretary, General and Municipal Workers Union.

Sir,—I write to protest most strongly about the headline on page 13 of your Wednesday issue. This read: "Pay freeze call by municipal workers." No such call has been made by this union and the text beneath this headline did not support it.

As a union, our stance on the social contract has always been *quite clear. Indeed, our conference* this year in June—as your paper reported—continued its support of that contract. The brief report beneath the headline to which I refer, was of *a discussion at our general* council which reflected the decisions of congress.

As a union we are concerned that it should be clearly recognised that the social contract is not about wages alone, and that the TUC, in its discussions with Government on its development should have clear ideas on the economic and social policies which it wishes the Government *to pursue.*

Three aspects of this policy are important. First, creation of a planning framework so that British industry may be better prepared to take advantage of *the world up-turn in trade when* it comes. Second, spiralling increases in prices must be stopped and the rate of inflation in this country reduced. It is in respect of this that we suggest the spiral could be broken by a three months' prices freeze from September. Last, we are concerned to protect and create jobs.

Obviously, there are connections between such proposals and the trade union response. In respect of wages, we support the idea of a flat rate increase which would give the most protection to those in need—the lower paid. It would protect *the average worker and providing* it applied to all, including those on high salaries, do away with the indecency of those best able to tolerate our current situation receiving the highest increases.

David Basnett.
Thorne House,
Claygate,
Esher, Surrey.

Tourists and policy

From the chairman, EMI Hotels and Restaurants

Sir,—Arthur Sandles' article, "A bedtime story about British hotels" (June 14), drew attention to the fact that *in dollar* terms American visitors to London during the past year have seen the price of a double room at a first-class hotel rise by 21.7 per cent.

It would be interesting to know how much in sterling terms British visitors to New York during the past year, have seen the price of a similar room rise. Furthermore, it would be of interest to ascertain the percentage increase which has occurred in the price of a double room at a first-class hotel in New York in dollar terms.

Mr. Sandles poses the question of when will the tourist boom return. I hope that it never will return as what the tourist industry of this country really requires is a steady and continuous expansion of its business *not cyclical trading* dependent upon boom conditions.

The number of foreign visitors to reach our shores equates directly with the amount spent in promoting and advertising our tourist facilities overseas. There *are hundreds of thousands of* well-heeled people throughout the world who have never for an instance contemplated visiting Britain because the seed of the idea has never been sown in their minds.

The tourist industry should not be waiting for the next boom but should be busy drawing up a national tourist policy which recognises the importance of potential tourism in Britain and provides effective machinery to co-ordinate the efforts of the private and public bodies essential to its successful implementation.

Commentators should be arguing the case for a vigorous U.K. tourist expansion policy and within such a policy the need to manage tourism in order to sustain and improve the quality of life of the community. In any event they should not be referring to our overseas visitors as "foreign invaders."

The considerable efforts of the British Tourist Authority to attract overseas visitors to Great Britain *must not only continue* to be supported by all concerned but ways and means to provide them with additional funds must be found.

M. A. Bosman.
Victory House,
Leicester Square, W.C.2.

Aerospace attitudes

From Sir Richard Smeeton.

Sir,—I am surprised that Mr. James Ensor (June 10) should fall into the trap of saying "British Aerospace and British Shipbuilders (both being formed this year out of private companies) produce less output per man employed than any of their European rivals." This must have gladdened the hearts of the Left wing and also our European competitors.

The Aerospace and Shipbuilding Nationalisation Bill has not yet been read a second time. The figures in "The Output League" are suspect without a great deal of qualification to ensure that like is being compared with like.

You will be aware that this industry is entirely opposed to nationalisation; that we consider the proposed terms of compensation unfair; and that the powers arrogated by the Secretary of State in the proposed Bill are the antithesis of industrial democracy.

Richard Smeeton,
Director,
The Society of British Aerospace Companies,
29, King Street,
St. James's, S.W.1.

Providing a service

From The Director Small Business Unit Gwent College of Technology

Sir,—I was most interested to read James Ensor's analysis of the performance of Britain's State industries (June 10) but even more intrigued to read the letters in response, particularly Mr. D. E. Rooke's spirited defence of British Gas (June 13). It was enlightening that Mr. Rooke used statistics which would raise grave doubts about the efficiency of British Gas rather than convince us that we were getting good value for money. Perhaps *he has not heard of Pareto who* proved that 80 per cent. of a *business's income derived from* 20 per cent. of its orders. Most efficient profitable enterprises have used this to cut out unprofitable operations, thus ensuring that the enterprise offered an *efficient service at an economic* price.

Mr. Rooke argued that "of our 102,000 employees only between 2,000 and 2,500 are engaged in ... transmission operations" and referred to a "complete service." Do British Gas make their own pipes and fittings, vehicles, plant etc.? Of course not, every activity has to be assessed to see if it could not be "bought out" or contracted more cheaply. I wonder to what extent Mr. Rooke has looked at his operations? I would be surprised if there were not many activities in British Gas and the other nationalised industries which could be undertaken more efficiently by smaller private firms, to the benefit of the cost-of-living etc. For instance if British Gas concentrated on transmitting gas, how cheap would gas be?

Employees of these large organisations show that they are convinced that a better, cheaper service is possible by the way so many are prepared to start their own businesses. The Department of Trade's Small Firm Information Centres are currently dealing with an average of 222 inquiries per week from people who think they could do better on their own in spite of *heavy taxation etc.* A small percentage of these are wisely taking advantage of sizeable EEC funds to obtain financial assistance in the transitional period while setting up, to learn the rather different skills of small business management to complement their technical ability, thus helping to ensure their success.

Would it not be more constructive if Government, nationalised industries and unions took a more *positive attitude to the* problem and encouraged the hiving off of fringe operations, with the employees concerned being given the chance to undertake the work more efficiently as independent businesses.

Usually such specialised businesses quickly find other customers for their skills at home and abroad so that they are soon producing more and employing more people but providing a cheaper service to the benefit of all.

M. Cromey-Hawke,
Allt-yr-yn Avenue,
Newport,
Gwent.

Abolish the small coin

From Mr. C. Nottage.

Sir,—I wonder if your readers have the same dubious opinion of the diminutive and elusive half-penny coin as I have.

I have recently found two of these nuisances and Saturday last I lost one during a shopping expedition. Doubtless it quietly slipped between 3 or 4 florins (10 pence pieces to the young folk) and was not seen. This leads me, however, to suggest its complete withdrawal and abolition, and replacement by a new 2½ pence piece, a size just a little larger than its 2 pence companion.

The only difficulty that could arise, would be when one ½p or 1½p was needed for "change," this would necessitate a further transaction of the retailer handing the customer a 2½p coin and receiving a 2p or 1p coin in exchange. This should be very infrequent and should only occur when the purchase is 8½p or 9½p.

With the new coin 2½p well in circulation, the 5p (old *shilling) could also be with*drawn and replaced by a more useful new coin value 25 pence. The new range being 50p, 25p and 10p with the lower 2½p, 2p and 1p pieces.

To-day it takes 5 coins to pay an account of 45 pence, this would then require only 3. I am sure the alteration would be of considerable advantage, and the minute ½ penny piece, only being included in its bigger brother, would regain its importance.

C. W. Nottage.
14, Esplanade,
St. Helier,
Jersey, C.I.

Facts and figures

From Mr. A Newman

Sir,—Mr. Sid Weighell's letter to you (June 17) uses the actual increase figures to his own advantage. Had he added (a) the percentage the increase on existing pay, and (b) the date of the last increase awarded in respect of each group quoted, the picture would have been *very different.*

It is so often different sets of facts, figures and comparisons published at varying times which brings both politicians and trade unions into disrepute, and has now led to the apathy of the general public toward the current economic situation.

A. H. Newman.
"The Chestnuts,"
32, Court Road, Eltham, S.E.9.

Pension fund investment

From Mr. J. Tysoe.

Sir,—To-day's pension contributions, together with other forms of saving, finance the investment which ensures tomorrow's production. If the *director general of the Royal* Institute of Public Administration, June 12, is advocating the consumption of this "seed corn" then both he and the Post Office pensioners will soon go hungry. His particular brand of protection for customers and taxpayers may improve to-day's helpings but it will leave empty plates for to-morrow. If, on the other hand, he intends that investment levels should be maintained, perhaps he will let the taxpayer know which of the current taxes will be raised or what form of enforced saving will be introduced to provide the necessary finance to replace that at present provided by contributions to pension funds.

J. S. Tysoe.
Tall Trees,
Hollybush Ride,
Finchampstead,
Wokingham, Berks.

Balance of payments

From the Managing Director Harry Mitchell and Partners

Sir,—While I am very pleased that for the first time for three years, the U.K. had a substantial surplus in May on its balance of payments on current account, we must not congratulate ourselves too soon.

This is because the U.K. benefited from a 3½ per cent. rise in the terms of trade, which resulted in a faster rise in export prices than import prices.

The main reason, however, is that as a *slump* begins to bite, there is a reduction in imports *and also maximum efforts to ex*port in order to minimise cash flow difficulties. Thus reference to previous slumps will show improvements at the beginning.

It is when restocking of raw *materials takes place* when imports will rise, and with high inflation when exports will not be competitive that the balance of payments will show their greatest deficit. It is probable that *the balance of payments* will continue to improve this year, but this will not bring much happiness to the unemployed in excess of 1m. by the end of the year.

I have *stressed* this point regarding the very good May figures of the balance of payments, because if inflation is not combated quickly, in 1976 we shall not only have more than 1m. unemployed, but in addition we shall have a colossal adverse balance of payments.

H. Mitchell.
Harry Mitchell and Partners,
Midland Bank Chambers,
The Square, 3, High Road,
Beeston, Notts.

Avoiding capital transfer tax

From The Chairman, Elliot Right Way Books.

Sir,—All the financial papers I *read are urging people to* take advantage of the £1,000 per annum per person exemption from capital transfer tax by giving their money to their children during their lifetime.

One of the problems I have never seen dealt with is the danger of giving large sums of money to young people and I have been informed by a specialist in this matter in one of the big four banks that giving money to young people under 30 is almost invariably disastrous. If they don't lose the money or their lives through fast cars, they tend to dissipate it through slow horses, or in some equally foolish way. *My own belief is that,* around 30, it does not make a lot of difference, but that, around 20, the danger is great.

Andrew G. Elliot,
Kingswood Buildings,
Lower Kingswood,
Tadworth, Surrey.

Possessions of value

From Mr. J. Talbot.

Sir,—Mr. Onwood (June 10) argues that a right to a pension should be treated as a constituent of wealth, stating one of the dictionary definitions of wealth as "valuable possession of any kind."

It is widely accepted nowadays that a pension is that part of total remuneration which is deferred until retirement. Is a job to be regarded as a "valuable possession?" If so, is Mr. Onwood prepared to treat as part of his "wealth" the capitalised value of his current salary or wages as well as his right to a future pension?

If upon retirement the individual elects to receive part of his pension rights in the shape of a lump sum, that sum (or its invested product) will obviously form part of his "wealth;" but his pension will represent income and will be taxed as such.

Is it seriously suggested that the earner or pensioner should be taxed on a more rigorous basis than that?

J. E. Talbot.
Willow Corner, Enton Green,
Godalming, Surrey.

To-day's Events

GENERAL

Provisional unemployment figures for June published.

Mr. Anthony Wedgwood Benn, Energy Secretary, meets TUC *leaders for discussions on energy* policy.

Mr. Eric Varley, Industry Secretary, has talks with Norton Villiers Triumph management and unions on future of motorcycle industry.

M. Francois Mitterand, French Socialist leader and M. Georges Marchais, Communist Party leader, meet to discuss differences between France's left-wing opposition parties, Paris.

South East Asia Shipping two-day conference, organised by the *Financial Times, begins,* Shangri-la Hotel, Singapore.

British Shippers' Council annual meeting and lunch, Washington Hotel, London.

Rail union leaders resume talks with British Rail in effort to avert strike.

PARLIAMENTARY BUSINESS

House of Commons: Criminal Jurisdiction Bill, and Safety of Sports Grounds Bill, second readings.

House of Lords: Scottish Development Agency (No. 2) Bill, and Welsh Development Agency (No. 2) Bill, report stages.

OFFICIAL STATISTICS

Car and commercial vehicle production (May-final).

COMPANY RESULTS

British and Commonwealth Shipping (full year).
Lyons (J.) (full year).
Powell Duffryn (full year).
Berisford (S. and W.) (half year).
English China Clays (half year).
Tate and Lyle (half year).

COMPANY MEETINGS

See page 24.

هكذا من الأصول

COMPANY NEWS + COMMENT

Tesco's second-half improvement

FROM NET sales of £500.79m., against £423.03m., pre-tax profit of Tesco Stores (Holdings) decreased from £24.56m. to £23.25m. in the year to February 22, 1975, after a sharp contraction from £10.44m. to £8.36m. in the first 24 weeks.

The year's profit is struck after the final loss on Square Meals Frozen Foods of £0.79m.

Earning per 5p share decreased from 3.82p to 3.42p. A final dividend of 0.6833p raises the total from 1.125715p to 1.2222p net—the maximum permitted.

Profit was affected by the reduction in gross margins as required by counter inflation legislation which is proving to be a penal and unnecessary control on the business. This is to the detriment of employees and customers alike, the directors state. The net profit margin was also eroded by substantial wage awards amounting to approximately £4m. and threshold payments of £3m.

Every effort is being made to economise on expenses, but some are largely beyond the group's control, particularly rates, light and heat, postage and telephone charges, all of which have increased substantially.

On current trading and prospects the directors report that turnover has further improved during the first quarter. Sales of wines and spirits, cigarettes and domestic electrical goods received a boost in April from customer spending in advance of the Budget increases in VAT and duty.

Due to the increase in the rate of unemployment and the uncertainty of the economic climate it is considered not prudent to make a forecast for the current year. However, every effort is being made to maintain the improvement in profitability attained in the second half.

Despite difficulties in obtaining planning consents the directors anticipate increasing the net sales area both by opening new stores and extending existing units by an area in excess of 500,000 sq. ft. This includes the opening of 13 new branches as well as extension and redevelopment of 14 existing branches.

	1974-75 £000	1973-74 £000
Sales	514,276	439,767
Less VAT	13,497	16,725
Net sales	500,789	423,032
Profit	27,717	27,410
Net interest receivable	1,654	2,302
Depreciation	6,103	5,054
Profit before tax*	23,248	24,558
Taxation	12,621	12,695
Net profit	10,627	11,863
Surplus sale props.	274	280
Extraordinary credits	879	†1,009
Dividends	3,842	3,493
Retained	7,938	7,790

* Including final loss on Square Meals Frozen Foods of £794,000. † Debits.

● comment

After its indifferent first half Tesco has picked up usefully in the second six months, when pre-tax profits were 5 per cent. up, but it has still been suffering from the impact of tougher official margin controls (partly disguised by the previous year's second half losses at Square Meals). Turnover gains of around 18½ per cent. excluding Square Meals were almost identical in the two halves, and it looks as though slower growth in non-foods may have been an influence, while expansion in selling space was only 5 per cent. Tesco reckons its true volume growth was around 2½ per cent., however, against a sluggish industry background, and this year's space expansion will be 10 per cent. while it looks justified to hope that margins, with the period of adjustment mostly behind them, should be much better maintained. Meanwhile liquid balances shown in the accounts will apparently be 30 per cent. more than last time. At 46½p the shares, yielding 4.1 per cent. covered 2.8 times, look soundly based.

INDEX TO COMPANY HIGHLIGHTS

Robt. Moss slumps in second half

A SECOND half drop from £221,083 to £69,944 has left pre-tax profit of Robert Moss, makers of plastic injection mouldings, down from 1973/74's record £439,974 to £304,006 for the year ended March 31, 1975.

At halftime the chairman, Mr. R. B. Cole, warned that it might be difficult to equal the previous year's results.

Now, the directors report that following the marked reduction in the level of orders received since the end of the first half, active accounts have been increased by more than 10 per cent.

But even this improvement has not yet increased total sales volume at the rate achieved in the first half of 1974, they add. However, the company is "well poised to take advantage of any uplift in economic activity."

Earnings per 10p share are shown to be down from 5.4p to 4.2p and a final dividend of 1.083p net raises the total from 1.8837p to the maximum permissible 2.083p.

	1974-75 £	1973-74 £
Turnover	1,223,000	1,198,000
Pre-tax profit	304,006	439,974
Tax	157,932	217,071
Retained	55,432	143,636

Invergordon Distillers slowdown

After rising from £548,200 to £683,000 in the first half, taxable profits of Invergordon Distillers (Holdings), finished the year to March 31, 1975, ahead by some £143,000 at £1,407,232.

	1974-75 £	1973-74 £
Group turnover	11,916,602	9,122,828
Trading profit*	2,110,467	1,797,107
Bank and loan interest	512,133	345,327
Depreciation	191,102	189,478
Profit before tax	1,407,232	1,262,302
Taxation	635,380	494,401
Leaving	771,772	767,901
Interim dividend	94,286	94,286
Final proposed	229,412	223,667

* After management expenses.

During year extraordinary loss of £101,142 incurred, due in main to creation of tax advantage by sale and repurchase of quoted investments.

Stated earnings per 25p share are up from 3.82p to 3.58p, and the dividend is raised from 1.6964p to 1.7p with a final of 1.2p.

● comment

Invergordon's growth rate slowed down sharply in the second six months of 1974-75, when profits were only marginally higher after a rise of nearly a quarter in the first half. Most of the slowdown came in the final three months of the year, when exports of bottled whisky were hit by falling demand in Italy—the major overseas market—and, of more importance, new fillings sales encountered a phase of de-stocking by U.K. blenders. Moreover, the group's bias towards grain fillings appears to make it particularly vulnerable to further de-stocking in the current year, since total industry grain production in the first quarter of 1975 fell by 17 per cent. against a 4.8 per cent. drop in malt. The recent levelling-off of cereal prices should eventually encourage a pick-up in demand, but that is really a medium- or long-term prospect, and the shares, which at 26p are yielding around 10¼ per cent., could be in need of some support in the meantime.

Record £0.86m. by Cattle's

THE SATISFACTORY increase in profit forecast by Cattle's (Holdings) turns out to be from £803,000 to a record £862,000 for the year to March 31, 1975, after £684,000, against £674,000, for nine months.

A final dividend of 0.4733p net per 10p share effectively raises the total from 0.7743p to 0.8446p.

	1974-75 £000	1973-74 £000
Turnover	22,800	20,200
Profit before tax	862	803
Tax	448	362
Net profit	414	441
Surplus disposals props.	23	—
Available	437	441
Dividend	126	113
Retained	311	328

As a result of limiting the rate of expansions until there is an improvement in general economic conditions total borrowings at £5.35m. are only slightly ahead of last years £5.23m. The ratio of total borrowings to net assets plus deferred tax is now 1.08 times (1.16). At present time total bank facilities are employed to the extent of only 60 per cent., the directors state.

The company is engaged in cheque and credit trading, etc.

● comment

Of Cattle's £59,000 improvement in profits £31,000 came in the last quarter to March, basically a reflection of the disruptions in the comparable period. Perhaps more significant is the drop in transfer to deferred revenue from £368,000 last year to only £94,000 this time after reaching £350,000 in the nine months to December. So there was a sharp contraction in new business in that last quarter relating to the slump in voucher business (payable over two years and used for purchasing consumer durables). Cattle's believes that short-term shopping checks (payable over six months and used for purchases such as clothing) will balance out the fall in vouchers and keep turnover running ahead of sales and therefore keep improving profits. Certainly the market would seem to have faith as the shares at 23p yield 5.8 per cent.—quite a bit lower than Provident Financial, which holds 27 per cent. of Cattle's equity.

Rexmore drops by £1.45m.

A FURTHER downturn in the second half from £1.52m. to £480,872 has left pre-tax profit of Rexmore, converters of textile and PVC products, more than halved from £2.65m. to £1.2m. for the 12 months ended March 31, 1975.

However, the directors report that an encouraging start has been made in the current trading period and they expect an increase in profits and a continued reduction of stocks and borrowings this year.

Stated earnings are down from 13.63p to 6.02p per 25p share and the final dividend of 1p net raises the total from 3.3766p to 3.6025p. Scrip options on the two interims has increased the capital to £2.1m.

	1974-75 £	1973-74 £
Turnover	34,309,399	37,231,586
Pre-tax profit	1,194,139	2,453,188
Corporation tax	41,399	1,219,420
Deferred tax	251,132	—
To tax equalisation	286,420	178,980
Total tax	580,871	1,398,400
Profits after tax	618,268	1,254,788
Minorities	111,500	106,719
Dividends	272,338	239,583
Extraordinary items†	168,718	268,541
To reserve	72,343	619,877

† After transferring £800,000 from reserves.

The directors anticipate that the group balance sheet at March 31, 1975 will show an increase during the year in shareholders' funds and deferred tax amounting in total to £392,530 after prior years items.

Losses incurred by the House hold Textile Division are non-repeatable and the reorganisation is now complete, the directors say.

Stockholding and borrowings are reduced from the previous year.

FROM turnover up from £6.8m. to £6.99m., pre-tax profit of Unerman Holdings, a subsidiary of Rexmore, declined from £710,063 to £682,737 for the year to March 31, 1975, after £282,863, against £280,845 in the first half.

The directors report that turnover during the first two months of the current year is ahead and in excess of budget and order books continue to remain healthy.

Stated earnings are 8.1p, against 8.2p, per 10p share and a final dividend of 2.68p net (same) keeps the total at 4.08p.

The group serves the furniture, do-it-yourself, building, radio and television and shipbuilding industries.

● comment

The main culprit behind Rexmore's 55 per cent. annual profits decline—a 40 per cent. first half drop was followed by a 65 per cent. setback in the second—was the household textiles division, where there was an £800,000 swing from profits to losses. Unerman, by comparison, has not done at all badly with a second half profits fall of only 7 per cent. after a marginal improvement at half time. Overall, the group has shown signs of rapidly weakening volume—in real terms, the sales drop (in value) of a fifth in the latter six months has been considerable and this to a large extent reflects the poor export experience (particularly in Australia and New Zealand). The problems facing the group revolve around demand and the onslaught of wage increases, though to combat the latter the group has shed quite a number of personnel. 1975-76 is clearly expected to be a better year, and there has been considerable emphasis on reducing stocks, and therefore borrowings, and also on imposing tighter credit control. That prospect lifted the shares 2p last night to 34p, where the yield is still a nervous 16.8 per cent.

Heenan Spark shares suspended

Shares in Heenan Spark, the investment holding group where Mr. David Innes recently resigned as chairman, were temporarily suspended yesterday at the company's request. Loan stocks in Heenan Beddow, which last year merged with Spark Holdings to form Heenan Spark, were also suspended.

Other than to say that the temporary suspension of the listings was being sought pending clarification of the financial position, no further explanation was forthcoming yesterday. However, earlier this month, Heenan's Rosedale Industries toys subsidiary was placed in receivership and a receiver has also just been appointed to Taylor Law, Heenan's kitchenwear subsidiary which sells products under the Tala ware label.

The Heenan share price at suspension was 4½p.

SHILOH SPINNERS

Management accounts of Shiloh Spinners showed profit to be continuing at a reasonable level for the group as a whole, although trade continued to be extremely depressed, Mr. Edmund Gartside, the chairman told the annual meeting.

Mr. Gartside added that the company was proceeding with a new spinning unit at Elk Mill which ultimately would be of considerable benefit to the company "and will help to secure our future as a leading independent spinner."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Avon Rubber int.	Nil	—	2.81	—	5.56
Brownlee	1.68	—	1.54	1.68	1.54
Brunner Trust int.	1.14	Aug. 4	1.09	—	2.43
Cardiff Malting int.	0.7	Aug. 5	0.7	—	1.85
Cattle's (Holdings)	0.48	—	0.43*	0.84	0.77*
Cavenham	15.62(a)	—	14	23.63	21
Central and Sheerwood	0.17	Dec. 12	0.94	1.84	1.68
CompAir int.	1	Aug. 29	1	—	2.75
J. H. Dennis int.	0.86	July 18	0.74	—	1.58
Dom Holdings	2.2	July 11	2.01	3.51	3.24
Arthur Guinness int.	1.96	Aug. 11	1.8	—	5.85
House Property	1.0	Aug. 18	2.32	1.0	2.22
Invergordon Distillers	1.2	Aug. 1	1.2	1.7	1.7
Irish Distillers int.	4(a)	Aug. 22	4	—	11
H. C. Janes	2.6	July 31	3.11	3.11	4.63
W. Lawrence	2.5	July 22	2.29	2.5	2.29
Lindustries int.	1.2	Oct. 2	1.11	—	3.76
F. H. Lloyd	2.72	Aug. 11	2.68	3.97	3.64
Lon. and Northern Secs.	2	Aug. 8	1.97	3.25	3.22
Robert Moss	1.09	Aug. 7	1.02	2.09	1.88
Property & Reversionary	1.58	—	2.55	3.88	3.55
Rexmore	1	Aug. 15	2.47	3.6	3.58
Shaw & Marvin	nil	—	0.51	0.35	0.86
Tesco Stores	0.68	July 26	0.65	1.22	1.13
Tollemache & Cobbold int.	1.0	July 13	0.96	—	3.5
Unerman Holdings	2.68	Aug. 15	2.68	4.08	4.08
Whitbread	2.06	Sept. 5	1.89	2.94	2.77

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross percentages throughout.

London and Northern turns in £8.25m.

AFTER INTEREST charges up from £3.26m. to £4.48m., and losses on businesses sold or discontinued of £893,000 compared with profits of £408,000, taxable profits of London and Northern Securities fell from £9.3m. to £8.25m. in 1974.

At half-way, reporting a fall in profits from £5.15m. to £3.46m., the directors expected that second-half profits would show "a substantial increase" and that full year profits would "approximate closely" to those of 1973.

Earnings per 25p share are shown to be down from 8.06p to 5.82p. The dividend is lifted from 3.2193p to 3.25p net with a final of 2p.

	1974 £000	1973 £000
Turnover	224,884	203,082
Trading profit	13,690	12,153
Interest	4,477	3,261
Trading losses*	893	†408
Profit before tax	8,268	9,300
Net profit‡	3,296	4,300

* On businesses sold or discontinued. † Profits. ‡ After tax and minorities.

The directors now say that in addition to the increased interest charges results were affected by the difficult conditions under which the U.K. construction and housebuilding companies operated during 1974. In view of these conditions including the exceptional current rate of inflation, they provided £1.04m. against anticipated losses on contracts with fixed price elements in arriving at the trading profit.

Earnings were affected by provisions made during the year and the increase in the rate of corporation tax. The group however has benefited from stock appreciation relief totalling approximately £2.5m.

Exceptional write-offs of £2.6m. were incurred mainly on fixed assets, investments in subsidiaries, goodwill and non-recoverable ACT. After adjustment for retained profits, there was a net reduction in reserves of approximately £1m. compared with the reserves as at December 31, 1973.

The second-half improvement was mainly due to growth in the overseas and metals divisions. Results for the first four months of the current year continue to reflect this improvement which is expected to be maintained for the year as a whole.

● comment

London and Northern has not maintained profits for 1974, but the upturn expected all along for 1975 is apparently still on the cards. Profits fell by 11 per cent. pre-tax last year—but that was after £1m. of provisions against fixed-price contracts, hence the missed forecast. In housebuilding there has been a turnround into losses approaching £3m. but the group has performed well overseas (say 40 per cent. of profits) and there have been useful gains at home in steel and scrap. Ahead of the accounts, the balance sheet remains under wraps; but meantime, yield is 12.3 per cent. at 42p and covered 1.8 times.

£0.9m. slide at Central & Sheerwood

FROM turnover down £16.4m. to £23.9m., pre-tax profit of The Central and Sheerwood Trust declined from £2.83m. to £1.91m. in 1974. Profits dropped from £1.52m. to £972,000 in the second half.

The directors expect the current year to show an improvement.

Before extraordinary items, earnings per 5p share are shown to be down from 3.48p to 3.34p. After extraordinary items, they declined to 2.78p. A final dividend of 0.1683p raises the total from 1.673p to 1.8435, the maximum allowed.

The final is payable on December 12 and the directors intend to pay the current year's interim on the same date.

The directors say that the profits for 1974 clearly underline the strength of the company's policy in retaining a substantial investment in industrial concerns.

The year was one of difficulty for financial services companies. Merger broking activity was low due to the economic climate and the resultant unrealistic values placed on industrial companies. For the same reason there have been no significant realisations of industrial investments, they add.

The directors say that the strength of the industrial interests continues to be the main area of development for the company in the current year. The majority of the companies show buoyant trading at present, and in some cases with order books for over 12 months ahead.

● comment

From a trading angle Central and Sheerwood's profits are disappointing with the shortfall at 53 per cent. The lack of dealing profit has naturally been a big blow even though the Dutch losses were brought in below the line and it was left to a substantial drop in finance charges, reflecting the Izal sale, to restore a respectable balance at the pre-tax level. Still, the industrial activities made up ground in the second half. These now are basically the company and trading here is evidently holding up well with Ransomes benefiting from a strong export trend (over 50 per cent. of sales) and some growth from Stockfis. But as an industrial holding company Central and Sheerwood has obviously lost some glamour and this is reflected in a 15 per cent. yield at 18½p.

First-half loss at Avon Rubber

IN THE half-year to March 29 1975, Avon Rubber Company incurred a loss of £782,000 compared with a profit of £746,000 in the previous first half, and there is no ordinary interim dividend.

In the year to September 28 1974 profits were £1.94m. and dividends totalled 8.56p net.

The directors say that turnover has risen by 13 per cent., but this is due to price increases brought about by the increased cost of labour and raw materials and not to an improvement in sales volume.

The first half has seen unprecedented inflation which, with the exceptionally low output of the automotive industry, has made a severe impact on profitability. Furthermore, although interest rates are now below their peak, in the early part of the year high money costs led to a substantial de-stocking movement by the industries which Avon supplies.

The major reduction in volume necessitated short time working in most factories and this has resulted in uneconomic operating levels. Economies have been made by closing unprofitable operations and reducing the numbers employeyd. However, both of these measures incurred initial costs which in large part have been accounted for under extraordinary items. The closures are the rubber factory at Kings Norton in Birmingham and the Norwegian marketing operation in Oslo.

A substanial quantity of profitable work from the Birmingham factor was been transferred to other factories in the Group.

Continuing inflation and uncertainties surrounding immediate prospects for the automotive industry, make it difficult to forecast the performance during the second half members were told. However, measures have been taken to improve the immediate situation, resulting in the return to five day working in all of the Group's largest factories.

No major improvement can be expected in the Group's U.K. business until there is an increase in unit sales the directors add.

● comment

The market received a nasty shock from the Avon Rubber figures, the shares tumbling 14p to 42p where the capitalisation is £2.8m. against tangible book net worth of nearly £13m. Avon has thrown its short-term profits performance to the winds, preferring to trim its working capital requirements and cut its breakeven level (at present 85 per cent. on the tyre side) through plant rationalisation and manning reductions, the latter amounting to 12 per cent. over the half-year. The aim is that although losses will persist in the current half, they will be smaller than in October-March, and next year the benefits of the cutbacks will be seen. But short-term borrowings—some £11.4m. last year—are still rising, and the question is whether Avon can develop new markets; it is not very optimistic about the motor industry, which currently takes 60 per cent. of its output in one form or another, though orders in other areas have shown signs of bottoming out.

W. Lawrence earns less

Turnover of furniture manufacturers William Lawrence and Co. decreased slightly from £2.81m. to £2.77m., and pre-tax profit was down from £244,365 to £205,166 in 1974, after £139,800 (£143,437) for the first half.

Earnings per £1 share for the year decreased from 31.7p to 25p. The dividend is stepped up from 2.286p to 2.495p net.

Pre-tax profit including interest and investment inc. of £19,998 (£20,040). Tax takes £94,104 (£103,991), leaving £111,062 (£140,374).

TO-DAY'S COMPANY MEETINGS

Alginate, Charing Cross Hotel, W., 12; Burrell, Winchester House, E.C., 11.30; Compton (J.) and Webb, Quaglino's, S.W., 12; Croda International, Connaught Rooms, W.C., 12; General Scottish Trust, Edinburgh, 11.30; Industrial and General Trust, 77, London Wall, E.C., 12.45; and King and Shaxson, 52, Cornhill, E.C., 12.

Lead Industries, 14, Gresham Street, E.C., 12; Moorhouse and Brook, Huddersfield, 11.30; Pork Farms, Nottingham, 12; Porter Chadburn, Liverpool, 12.15; Sanderson Kayser, Sheffield, 12, and Sphere Investment Trust, London Wall Buildings, E.C., 12.

ISSUE NEWS

One for four rights from Serck

Serck proposes an issue of 7,665,125 Ordinary 25p shares by way of rights to the holders of ordinary shares at the close of business on June 13. The new Ordinary shares are offered for subscription at a price of 27½p per share in proportion of one new Ordinary share for every four held.

The Group has sufficient resources for its existing business taking into account all present commitments. However directors consider that additional permanent funds are now desirable to strengthen the capital base and further the expansion of the Group.

Serck has gone through a period of rationalisation during the past four years; valve manufacturing capacity has been acquired in Germany, France and Australia and there has been disposal of a number of activities and interests of marginal relevance to the main businesses. The group is now in a position to exploit its growth potential, particularly in overseas markets, by expansion of the product range and by further market penetration. These overseas markets currently account for more than 40 per cent. of sales, producing over half of the group profit before taxation. In addition a substantial proportion of products sold in the U.K. is exported indirectly.

Directors have already announced an unaudited profit before taxation for the six months ended March 31 1975 of £1.85m. compared with £480,000 in the corresponding period which was adversely affected by the three day week. In the six months ended 30 September 1974 the unaudited Group profit before taxation was £1.56m. As anticipated in the interim report incoming order levels for most products continue to be very good, helped by substantial demand from the energy industries.

An interim dividend of 0.8p per share (0.7p) has been declared and the Board expects to recommend a final for the year ending September 30 1975 of not less than 1.3p per Ordinary share (1.2p) which would make a total of not less than 2.1p (1.9p). Together with the associated tax credit this is equivalent to 3.23p gross an increase of 13.9 per cent. over 1974. This is within the maximum permitted.

ICI U.S. BORROWING

Imperial Chemical Industries announces that the registration statement filed with the U.S. Securities and Exchange Commission on April 22 has now become effective, enabling ICI North America Inc., a wholly owned subsidiary of ICI, to make a public offering in the U.S. of $100m. 9.05 per cent. guaranteed sinking fund debentures, due June 1, 1995, at a price of 100 per cent. This is the first ICI public borrowing in the U.S.

The debentures are unconditionally guaranteed by ICI and the offering is being made through an underwriting group managed by Goldmans Sachs and Co. and Smith Barney and Co. Inc. Application has been made to list the debentures on the New York stock exchange.

RADIO ORWELL

Fitzwalter Wright announces that they will be keeping open the subscription list for shares in Radio Orwell the Ipswich commercial radio station, until July 8 in order to give the local investors every opportunity to participate.

GORDON—JOHNSON

Gordon-Johnson Stephens announces a rights issue of one-for-two at 17p to raise £300,000.

Lindustries warns of lower profits

GROUP PROFIT, before tax, of Lindustries decreased from £1.83m. to £1.61m. in the 24 weeks to March 15, 1975, reflecting a decline in the contribution from associates and higher interest charges. Sales increased by 15 per cent. and divisional profits by 6 per cent.

With rising costs and declining orders in the home market profits in most sections of the business will decline quite sharply over the next few months and remain at a lower level until economic conditions show a marked improvement, says the chairman, Mr. W. E. Luke.

The directors are restricting whenever possible the outflow of cash and are holding down stocks to a level appropriate to production and selling needs.

Earnings per 25p share for the 24 weeks decreased from 4.4p to 3.73p.

The interim dividends in respect of the 18 months' period is raised from 1.16p to 1.2p net. The total for the year to September 28, 1974 was 3.759p from profits of £4.84m.

The engineering division has a broad product base and the major problem has been the serious decline in orders from and deliveries to the motor industry, says Mr. Luke.

The causes of last year's loss at the Ammanford factory of Delanair were identified after close investigation and steps were taken to rectify the situation. But for the continued decline in the motor industry, this section would probably have returned to profit, but factories which supply components to the motor industry are very sensitive to volume, without which losses are unavoidable. Cowlishaw Walker continues to lose money.

The polymer division did well during the period despite a considerable decline in orders. Overheads have been reduced to compensate for the drop in production.

The textile division, in general, experienced the expected decline in sales in the home market, but satisfactorily maintained its export sales. Steps have been taken to tighten control of costs and stocks against declining order and production levels.

The overseas division continued to do well, but there are signs of a temporary downturn in business in the Canadian subsidiary. The decline in profits of the associates is mainly attributable to a stock write down by one company.

● comment

Compared with the corresponding period, the trading profits of three out of four of Lindustries' divisions looks good—engineering profits have more than quadrupled, polymer profits are ahead by 51 per cent. and the overseas side has more than held its own. The odd man out is textiles (down by nearly a quarter). However, with the exception of overseas, where there is a strong seasonal bias on account of the Canadian subsidiary, the better comparison is with the preceding six months. On that basis, engineering, polymer and textiles are down 20 per cent., 49 per cent. and 30 per cent. respectively, which is the real pointer for the remainder of the financial period and supports the 3p fall in the share price last night to 58p where the yield is 10¼ per cent. One consolation is that the level of borrowings does not appear to have deteriorated since the year end.

Cavenham slips to £27m. after higher interest

SALES FOR the year to March 29, 1975 of Cavenham, increased from £737.1m. to £1.39bn., but after a lower contribution from associates of £0.7m. against £2.7m., and interest payable up from £5.6m. to £12m., taxable profits are lower at £27m. compared with £29.5m. after £16.8m. (£17.4m.) for 52 weeks.

Earnings per 25p share are shown to be down from 18.6p to 15.6p or from 17.5p to 14.8p relating to diluted capital.

The final dividend is 15.625 per cent. gross, lifting the total from 21 per cent. to the maximum permitted 23.625 per cent.

Trading profit of £38.3m. was earned as to U.K. 35 per cent., North America 30 per cent., EEC 21 per cent., elsewhere in Europe 13 per cent. and others 1 per cent.

At the year end the company carried out a detailed review of provision for deferred tax which has accumulated in the books. It is estimated that approximately £15m. of the provision will not be payable in the foreseeable future. This figure has therefore been released and goodwill has been reduced by a similar amount.

The increase in interest payable is largely due to the consolidation for the full year of Grand Union Company in the U.S. and Generale Alimentaire Group in France, Belgium and Spain.

Control of working capital was one of the top priorities during the year. None the less excluding the effect of consolidating the Sander International Group for the first time the figure represented by stocks, plus debtors, less creditors increased by some £10m.

Furthermore the group invested £28m. in new capital equipment. Against this depreciation (which is calculated on the basis of historic cost and not on replacement values) amounted to £18m. Thus the net cash flow needed to finance new capital investment was £10m. and the requirement for new capital for trading was some £20m.

The group began the year with large liquid resources and has maintained these to a substantial degree. At the year-end bank overdrafts were £33m. and bank balances and cash £59m. leaving net liquid resources at approximately £26m.

The company intends to continue financing business without significant recourse to short-term bank borrowings and will review regularly and carefully all group activities so as to ensure that capital is invested in the mainstream of the company's business and that worthwhile new projects are supplied with adequate resources.

The underlying figures for the U.K. and France show a far deeper decline principally due to Government price controls and to the general economic environment, say the directors.

"At present forecasts are vulnerable, they say, but the broad geographical spread of the company's business gives them some measure of stability and "budgets for the current year anticipate a significant increase in profits."

The principal activities of the group are the manufacture and distribution of a range of products in food, drink, tobacco, and other trades.

	1974-75 £m.	1973-74 £m.
Sales	1,386.3	737.1
Trading profit	38.3	32.4
Associates	0.7	2.7
Net interest payable	11.9	5.6
Profit before tax	27.0	29.5
Exceptional credits	—	1.2
Taxation	9.5	11.1
Net profit	17.5	18.6
Extraordinary and exchange items	0.5	0.5
Leaving	17.0	20.1
Minorities	3.8	4.1
Preference dividends	0.3	0.3
Attributable Ordinary	12.9	15.7

1974-75 results consolidate Sanders International S.A. for 42 weeks together with 49.1 per cent. associate status for 10 weeks (49.1 per cent. associate for year), and full year's trading from the Grand Union Company (4 months) and Generale Alimentaire S.A. (subsidiary six months, associate 39.2 per cent. two months, 37.6 per cent. four months).

Basis of accounting for deferred tax changed—no provision now made—for deferred tax relating to fixed assets because it is considered that such tax will not become payable in foreseeable future. Comparative figures have been adjusted accordingly.

See Lex

F. H. Lloyd turns in peak £4.2m.

SECOND half pre-tax profit of F. H. Lloyd Holdings has doubled to £2.39m., increasing the year end's total from £2.34m. to a record £4.2m. for the period to March 29, 1975.

At halfway, with pre-tax profit at £1.81m., the chairman, Mr. Leslie Carrier, forecast "at least the same level" in the second half.

He says now that while it appears unlikely that the results of the current year will equal the past 12 months, he is confident that, assuming no major change in the economy, they will be "well above our previous best year."

Mr. Carrier reports that while the order books of the heavy engineering companies and the foundries are virtually sufficient to ensure a full year's activity the present low level of demand will prevent the steel division from making its full contribution this year and one or two of the lighter engineering companies will also be adversely affected by the current recession.

Stated earnings per 25p share are up from 6.2p to 9.8p and the dividend total is raised from 3.64229p to 3.9675p net, the maximum permitted, with a final of 2.7175p.

	1974-75 £000	1973-74 £000
External sales	45,569	35,107
Profit before tax	4,204	2,343
Tax	2,330	1,121
Available	1,847	1,586

● comment

F. H. Lloyd's pre-tax profits are four-fifths ahead, which must be well above most expectations, and one highspot of the results is a 150 per cent. increase in second half foundry profits, thanks to buoyant demand from the heavy earthmoving industry and mounting exports. But while a long production cycle will take founding and heavy fabricating activity through into 1976, the lighter end, and particularly the steel division (some 30 per cent. of trading profits last year), face a depressed trading period. Bank borrowings rose by £1.6m. to £3.7m., reflecting both the £1m. Coley-Rotolin acquisition and further expenditure at the Lloyd-Cooper associate, but, with the help of around £1.5m. of tax deferrals, internal expenditure requirements were covered by cash flow. The market continues to take a cautious view of the company and at 57p the yield is 11.2 per cent., covered more than twice.

Statement Page 24

SCOTTISH WIDOW'S OPTIONS

Scottish Widow's Fund and Life Assurance Society has announced two options that are available to investors that have taken out endowment policies to cover and repay house mortgages. The first allows the term of the policy to be extended without evidence of health up to a maturity age not exceeding 70 if the extension is required for a new or additional mortgage.

The second option allows the investor to effect an additional policy providing he is not yet reached age 50, the new policy to mature before age 70. This option also allows for the investor taking out a further mortgage. Each of these options can be exercised without evidence of health but are only available to investors who were in good health when the original policy was effected.

Guinness ahead at midway

REPORTING AN improvement at the half-way stage, the Earl of Iveagh, chairman of Arthur Guinness Son and Company, tells members he sees no reason to alter his opinion that current year profits should come close to the 1973-74 figure of £22.64m., and he believes there is now a good chance of improving on that figure.

In the 24 weeks ended March 15 group pre-tax profits showed an increase from £10.1m. to £11m.; and earnings per 25p share are stated to be up from 5.8p to 6.5p.

The chairman says that these results follow the pattern he predicted at the annual meeting in February. As the full effect of higher duties imposed in the U.K. Budget has yet to be felt, and as the general economic climate continues to give cause for concern and uncertainty, he did not propose to give a detailed forecast of current year results.

The interim dividend is raised from 1.8026p to 1.9673p net—an increase of 12½ per cent. from 2.6904p to 3.0265p at the gross level. The net total for 1973-74 was 5.3536p.

	First 24 weeks 1974-75 £m.	1973-74 £m.
Sales	140.6	113.0
Trading profit	15.6	13.0
Depreciation	3.6	3.1
Profit	12.0	9.9
Brewing	10.8	8.7
Confectionery	0.1	0.2
General trading	0.8	0.3
Plastics	0.4	0.6
Property	0.1	0.1
Invest. income	0.2	0.2
Interest on assoc. loan	0.2	0.1
Bank and loan interest	2.6	1.4
Share of associates	1.2	1.3
Profit before tax	11.0	10.1
Taxation	4.9	4.7
Nete profit	6.1	5.4
Minorities	0.6	0.5
Attributable Ordinary	5.5	4.9
Extra-ord. debits*	0.0	0.3
Interim dividend	1.7	1.5

* Comprises modernisation of Dublin brewery £0.3m. (same), and £0.2m. (nil) terminal costs of certain non-brewing activities.

An analysis of the trading profit after depreciation shows: home £9.5m. (£8.1m.) and overseas £2.5m. (£1.8m.).

Statement Page 27
See Lex

Sabah Timber poised for growth

Trading conditions of the Sabah Timber Company remain difficult and it would be unrealistic to expect any early recovery in demand, but the group is poised to take advantage of any upswing whenever it comes, says the chairman, Mr. H. G. C. Townsend.

He reports that the steady growth of the U.K. network continues. "We remain receptive to further suitable opportunities for growth."

As known group pre-tax profit for 1974 was £6.07m. (£9.68m.). The company is a subsidiary of Harrisons and Crosfield.

Liquidity has been aided by the provisions of the last two Budgets relating to increases in the value of stocks, which result in the deferment of payment of £3,834,025 of the sums provided for U.K. tax in the 1973 and 1974 accounts.

Chairman's statement Page 4

Brownlee down £0.7m.: pays more

ON A TURNOVER up from £12.39m. to £13.04m., pre-tax profit of sawmillers, etc., Brownlee and Co. contracted from £1.56m. to £0.86m. in the year to March 29, 1975, after £0.37m., against £0.74m., for the first half.

Earnings per 25p share for the year decreased from 9p to 5.6p. The dividend is raised from 1.539p to 1.6795p net.

	1974-75 £	1973-74 £
Turnover	13,043	12,387
Trading profit	789	1,538
Investment income	169	112
Other income*	—	166
Retirement benefits	73	250
Profit before tax	865	1,566
Taxation	465	925
Net profit	399	641
Dividends	123	113
Undistributed	275	528

* Surplus on disposal of ground and buildings.

Hill Samuel Life lifts bonus rate

By Eric Short

Hill Samuel Life Assurance has lifted its reversionary bonus rate on all its traditional with-profit life contracts to £37 per £1,000 sum assured and existing bonuses for the year ending March 31, 1975. This resumes the upward trend which was halted in 1974 when the rate was maintained at £36 per £1,000. Until then, bonus rates had been progressively increased at each declaration. The company, unlike most others transacting this type of business does not declare terminal bonuses.

Hill Samuel Life is the life assurance arm of the Hill Samuel Group. It transacts mainly unit-linked life assurance business, its traditional side being a much smaller part of the business.

ABERDEEN TRUST

The report of Aberdeen Investments, summarised under Results in Brief last Tuesday, was incorrectly headed Aberdeen Trust.

Whitbread down to £21.5m.: pays more

REFLECTING SHARPLY decreased investment income and increased interest charges, group pre-tax profit of Whitbread & Co. contracted from £26.17m. for 53 weeks to £21.46m. in the year to March 1, 1975. Turnover expanded from £285.11m. to £339.79m.

When reporting first half profit down from £16.28m. to £12.54m. the directors said if the present trading level continued, a large part of the decrease should be recovered.

Earnings per 25p share for the year decreased from 4.64p to 4.61p. Including extraordinary items of £1.65m. (£1.19m.) earnings were up from 5.17p to 5.34p. The dividend is raised from 2.7666p to 2.9385p net with a final of 2.0635p.

A revaluation of properties has thrown up a surplus of £115m., which has been transferred to reserve.

As to the future the directors state any forecast in such difficult times must be subject to the view that steps will be taken to reduce the rate of inflation before it is too late. Present forecast however, indicates that profit, before tax, this year will be higher than that for the previous year. A promising start has been made and the unaudited management figures for the first two months show an improvement over that forecast.

In the current year, it has been necessary to cut the capital investment programme substantially in the light of the uncertain economic climate.

	1974-75 £000	†1973-74 £000
Turnover	339,789	285,108
Trading profit	29,027	30,947
Investment income	2,629	4,026
Interest charges	10,199	8,807
Profit before tax	21,457	26,166
Taxation	10,685	15,274
Net profit	10,772	10,892
Extra-ordinary credits	1,461	1,185
Minority losses	2	972
Balance*	12,421	12,049
Preference dividends	415	427
Available Ordinary	12,006	11,621
Ordinary dividends	6,606	6,214
Retained	5,388	5,407

* Profits. † 53 weeks.

The 1974 figures have been adjusted to reflect the recommended accounting treatment for extraordinary items and prior year adjustments; these having previously been taken to reserve. In 1974 £2.17m. was transferred to tax equalisation account as a result of the change in Corporation Tax from 40 per cent. to 52 per cent. This sum is included in the 1974 tax figure of £15.27m.

On the basis of a 52 week period for the previous year, profits before tax and extraordinary items for 1974/75 were £21.46m. as against £25.67m. for 1973/74.

The reduction in profits resulted from the continuing rise in inflationary costs, mainly wages and salaries, the restrictive aspects of the Price Code, the financing of increased working capital and higher interest charges.

In addition the company was faced with shortages of materials and unofficial industrial action in some places. However, in the second half-year, the rate of decrease was reduced to approximately 6 per cent., the directors stated.

Turnover increased by 19 per cent., or 21½ per cent. on a comparable 52 week basis. Beer sales were significantly higher than in 1973/74, and Whitbread gained its market share accordingly, especially in the free trade. Draught beer led the way.

Packaged beer figures were distorted by shortages of containers but Gold Label and Brewmaster continued their upward trend, with Mackeson and Whitbread Pale Ale giving solid support.

Canned sales were still buoyant; wines and spirits sales continued to make progress, although the steep upward trend of recent years tended to level off.

See Lex

Marginal rise at Pickles

GROUP TURNOVER of textile manufacturers, William Pickles and Co. improved from £16.1m. to £18.5m. in 1974, and pre-tax profits increased marginally from £925,089 to £936,770 after being £474,383 against £510,878 for the first half.

Higher tax for the year of £449,161 (£403,802) leaves stated earnings per 10p share down from 1.7p to 1.6p.

The dividend is effectively raised from 0.5636p to the maximum permitted 0.5964p net with a final of 0.3534p.

	1974 £	1973 £
Group turnover	18,505,159	16,102,942
Profit before tax	936,770	925,089
Taxation	449,161	403,802
Net profit	487,609	521,287
Attributable	478,417	512,017
Preference dividends	6,160	6,160
Ordinary	175,511	165,069

Note. £105,401 transferred to general reserve restores this figure to £1m.

£641,732 by Property & Reversionary

Pre-tax profit of The Property and Reversionary Investment Corporation increased from £600,718 to £641,732 in the year to March 31, 1975.

Earnings per 25p share were down from 5.9p to 5.4p. A final dividend of 1.881p makes a maximum permitted total of 3.881p (3.551p) net per share.

	1974-75 £	1973-74 £
Pre-tax profit	641,732	600,718
Taxation	272,479	260,214
Outside interests	4,212	745
Retained	960,852	327,242

The next revaluation is not due until 1978, but managing agents have examined values of a typical group of the company's properties and found that in some cases the 1973 valuation had been maintained, while on others there might be a reduction of 15 to 25 per cent., says the chairman.

Taken as a whole, the fall in value of the company's properties since the 1973 valuation, in his opinion, does not exceed 20 per cent.

He says apart from the £2m. debenture, total borrowings by way of overdraft have been reduced to £248,979, and there are ample additional facilities with bankers in case they should be needed.

It is estimated that the increased net income from rents for 1975-76 will be approximately £120,000.

In the auditor's report it is stated that, in notes to the accounts, the directors say they are of the opinion that the value of the properties at March 31, 1975 is less than the amount at which they are shown in the accounts, and that no provision has been made for tax which would arise if the properties were sold.

Statement Page 27

Tollemache first half downturn

First half profit of Tollemache and Cobbold Breweries decreased by 10.8 per cent. to £168,000, before tax, but after taking into account increased costs of financing capital expenditure and servicing the new pension arrangements. Turnover increased from £4.05m. to £5.58m., but this is due to price and duty changes and is not indicative of the trend of volume sales, the directors state.

It is difficult to predict the profit for the rest of the year, depending as it does on the general national economic situation and local prosperity. For the year to September 30, 1974, profit was £402,000.

The interim dividend is raised from 0.957p to 1p net. Last year's total was 3.5p.

After tax of £87,000 (£105,000), net profit for the half-year was £81,000 (£97,000). There were extraordinary items of £67,000 (£86,000) representing net profits less losses on sales of properties.

INGERSOLL

Ingersoll Group confirms that Treasury consent been obtained for payment of the dividend of 1.375p already announced.

SCOT. AUTOMOBILE

Scottish Automobile Co. proposes to change its name to Heron Motor Group.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
‡	F.P.	—	172	168	Akroyd & Smithers	168	.....	—	—	—	—
—	F.P.	—	£36⅛	£31¾	Bell Canada ($25)	£31¾	−¼	—	—	—	—
48	F.P.	11/7	56	48	Clive Discount (20p)	51	.....	15	—	8.7	—
‡	F.P.	—	£22¼	£17⅛	Cont.Can. Inc. $US1	£17⅞	−⅛	$1.8	—	4.5	—
§R2	F.P.	30/5	365	293	Deelkraal Gold Mining	350	+25	—	—	—	—
‡‡	F.P.	—	134	120	Ewart New Northern	131	.....	—	—	—	—
140	F.P.	20/6	181	150	Rank 'A'	150	−5	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
£100	F.P.	—	100⅛	99⅝	Agricultural Mortgage 11% 1980	100	.....
§£100	£25	11/6	65	39	Allied Irish 10% Conv. Uns 1985	39	.....
£100	£10	11/7	11½	11⅛	Colne Valley Water 9% Red. Prf. 1980	11¼	.....
£100	£10	31/7	11½	11¼	Folkestone Dist. Water 9% Red Prf. 1980	11½	+¼
§£100	F.P.	6/6	132	121	Gestetner 10% Conv. Uns. '90/95	127½	−½
$98	F.P.	—	$98⅛	$96⅛	Granges 9¾% Bonds 1985	$98½	.....
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 11% 1980	100¾	.....
††£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	101½ xd	+½
**	F.P.	25/5	105½	101¾	Mid-Southern Water 10% Prf. 1980	102 xd	.....
$100	F.P.	—	$101½	$100½	Norsk Hydro 9¾% Bds. 1985	$101½	.....
£100	F.P.	21/5	123	105	N. Atlantic Secs. 7½% Cnv. 95-98	116	−2
£100	£10	31/7	11⅛	11	N. Surrey Water 9% Red Prf. 1980	11½	+¼
††£76	F.P.	—	105½	100	Rickmansworth & Uxbridge 10% Prf. 1980	104	+1
£100	F.P.	30/5	150	123	Slough Estates 10% Conv. Uns. '87/90	141	−1
£99½	£45	1/8	46¼	45½	Southend-on-Sea 12% 1981	44	.....
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	101½ xd	+½
**	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	101½	+½
£99¼	£65	11/7	65	64½	Warwickshire 12½% Red. Stk. 1980	64½	.....
£1	nil	24/6	10	2	Waterford Glass 10% Conv. Cum. Red. Pref.	3pm	.....
..	F.P.	14/2	90	80	Worth (Bond) 12% Conv. Uns.	88	.....
§£100	£50	2/10	97	67	Yorks Chemns. 12¼% Conv. Uns.	81	−1

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date †	Latest Renunc. Date ‡	Stock	Closing Price p	+ or −
100	F.P.	28/5	30/6	Ash & Lacy	125	.....
53	F.P.	16/5	2/7	Associated Biscuit	62	.....
43	Nil	20/6	8/8	Associated Engineering	10pm	.....
25	Nil	—	—	Barrow Hepburn	10pm	.....
[illegible]	Nil	—	—	Bell (A.)	[illegible]	[illegible]
[illegible]	Nil	—	—	[illegible]	[illegible]	[illegible]
£100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Nil	—	—	Cadbury Schweppes	[illegible]	[illegible]
[illegible]	Nil	—	—	Carless Capel	[illegible]	[illegible]
A$1.50	Nil	—	—	Commercial Bank of Australia	[illegible]	[illegible]
[illegible]	Nil	—	—	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	Elliott Grp. of Peterboro'	[illegible]	[illegible]
[illegible]	Nil	—	—	Ever Ready	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	Fairbairn Lawson	[illegible]	[illegible]
200	Nil	—	—	Glass [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	Guest Keen	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	Hawkins & Tipson	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	Lamont Hldgs.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	Macarthys Pharm.	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	Marshalls Universal	[illegible]	[illegible]
[illegible]	Nil	—	—	[illegible]	[illegible]	[illegible]
[illegible]	Nil	—	—	NSS Newsagents	[illegible]	[illegible]
[illegible]	Nil	—	—	[illegible]	[illegible]	[illegible]
105	F.P.	19/6	17/7	Prudential	[illegible]	[illegible]
10	F.P.	4/6	16/7	Richard & Wallington	[illegible]	[illegible]
[illegible]	Nil	—	—	[illegible]	[illegible]	[illegible]
[illegible]	Nil	—	—	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	Sun Alliance	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	Tarmac	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	United Scientific	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. g Pence unless otherwise indicated. [illegible] Rights [illegible] Issued [illegible] issued to [illegible] ‡ Provisional or partly-paid allotment letters. § With warrants.

Krupp expects decline in profits for 1975

BY NICHOLAS COLCHESTER

BONN, June 18.

FACED WITH a 16 per cent. reduction in its flow of orders for the first five months, the Krupp group is already resigned to a fall in profit in 1975. The retiring chairman, Dr. Ernst Wolf Mommsen, told the company's balance sheet Press conference that Krupp faced a "very difficult and hard year" because of a world business recession that was remarkable for its universal impact. Yet he pointed out that Krupp's recent emphasis on the plant-building business was already proving its worth.

Traditionally associated with steel, Krupp has become much more an engineering and machinery making concern, and the value of this shift shows in the order figures for the first part of this year. Orders in the steel business were down by 28 per cent. over the first five months to DM1.106bn., while those for industrial plants were up by no less than 51 per cent. to DM1.275bn. Declines in orders in the other areas, metallurgy, shipbuilding, and machinery manufacturing, resulted in the overall order flow dropping from DM3.572bn. for five months to DM3.005bn. Turnover for the same period for Krupp's German companies was virtually unchanged at DM3.680bn.

Dr. Mommsen was reporting on the most successful year in the company's post-war history. A 29 per cent. increase in Krupp's exports had been the motive force behind a 19 per cent. increase in the world group's turnover to DM9.177bn. and a post tax profit of DM87.5m. compared with DM82.7m. in the previous year. 1974 was a year in which Krupp was continually in the news with the sale of 25 per cent. of its steelmaking subsidiary to Iran, with the huge contract for the Kursk steelworks in the Soviet Union, and with the takeover of Stahlwerke Suedwestfalen to make Krupp West Germany's biggest maker of special steels.

The uniform recession across so many industrialised countries was a strong argument, explained Mommsen, for building up Krupp's business in areas of the world whose fortunes were in contrast to this recession, such as the Soviet bloc and the OPEC lands. Last year's orders from the OPEC countries had been DM1.034bn., he revealed, compared with DM208bn. in 1973. Orders from the Comecon countries had totalled DM600m.

These figures compare with a total order intake that rose 26 per cent. last year to DM8.8bn. for the Krupp German companies. In 1975's first five months, orders from the OPEC lands were "considerably above" those for the equivalent period of the previous year, while those from the Comecon countries had dropped somewhat.

Despite the rise in Krupp's OPEC orders this year, Dr. Mommsen spoke of a quietening down of the OPEC business, hinting that the hectic pace of industrial orders set by these lands in 1974 had perhaps led to difficulties in the countries' infrastructures. He also conceded that the competition for OPEC orders had grown much fiercer.

Although 1974 was a profitable year for Krupp, in which cash flow was up strongly from DM563m. to DM817m. and in which the balance sheet ratios were improved, the profit was not spread uniformly through the company's divisions. The machinery construction division operated at a loss of around DM20m, while the steel trading division produced a deficit of about half that figure because good export business was undermined by a weak home market and by a weak market for domestic boilers. Krupp expects the machinery interests to return to profit in 1976.

Looking at the German economy in 1975, Dr. Mommsen thought that Germany's building industry might be slower to recover than that for other countries. In the hard-hit market for steel, he predicted that the recovery would come quite soon and that the bottom had already been reached. On the other hand, the much needed recovery in West German capital investment spending would be very slow in coming if there was not a strong impulse from consumer demand and from overseas demand for German goods. "All in all," said Mommsen, "we will have done well if we succeed in maintaining last year's turnover and in compensating, at least to some extent, for setbacks that will be particularly hard in some areas."

Pendulum swings back at Duisburger Kupferhuette

BY GUY HAWTIN

FRANKFUT, June 18.

DUISBERGER Kupferhuette, the important West German copper and iron producer, reports that in the first five months of the year it has been hard hit by the continuing economic downturn and recent falls in the price of copper.

The news follows "extraordinarily positive" results in 1974 and it is the first time since 1971 that the concern has not been able to sell its entire production. While Duisburger Kupfer has registered a strong pick up in orders since 1970 as a result of the reorganisation of the business it is "still not over the mountain," according to the management.

In the first five months of 1975 the concern recorded a turnover of DM192m.—15 per cent. down compared with the same period of the year before. Apart from the decline in the copper price, the overseas demand for raw iron was weak, and there were also declines in demand for other of the concern's products.

Currently the concern is working at around 60 per cent. of capacity, according to Dr. Hubertus Mueller Von Blumencron, chairman of the Executive Board. Short-time working has so far been avoided by such means as the abandonment of overtime working. However, Dr. Von Blumencron said that if the unhealthy business situation continued further measures would have to be considered.

There was, he said, no immediate sign of an improvement in business conditions. The decline in turnover had naturally led to a fall in returns while fixed costs remained unchanged. It seemed unlikely that there would be an adequate profit in the current year.

Net profits in 1974 totalled DM8m. compared with DM4.1m. for the previous year. At the same time the balance-sheet loss was reduced from 1973's DM12.5m. to DM4.5m.

Duisburger reported improved results in every division last year. Turnover improved by 33.6 per cent. to DM565.6m., which in large part stemmed from a particularly marked growth in sales of crude iron as a result of greatly strengthened world demand.

Capital investment in 1974 more than doubled to reach DM45.1m. and depreciation was reduced by DM3.6m. to DM19.1m. For the current year capital investment was forecast to total between DM37m. and DM38m. and depreciation is likely to reach DM22m. or DM23m.

Gillette settling trust suit

By Jay Palmer

NEW YORK, June 18.

THE U.S. Justice Department has apparently agreed to an unusual settlement of its long-standing anti-trust suit against Gillette's 1967 purchase of Braun, the West German maker of electric shavers and other small consumer appliances.

According to the Boston-based blade and razor company, a consent decree settling the suit will be filed later this week. The Justice Department, however, refused to comment on the proposed decree which, once filed, could still be opposed by other interested parties.

According to Gillette, the planned settlement would allow it to retain full ownership of the greater part of Braun. But it must also create—and within 24 months divest itself of—a special new U.S. subsidiary to sell Braun razors in America. Thus Gillette has effectively agreed to create new competition for itself in the highly lucrative American shaving market.

Gillette has agreed to invest up to $2.5m. in this new, if temporary, subsidiary and has undertaken to provide it with both managerial and marketing expertise. While neither Gillette nor Braun itself are prohibited from eventually entering the U.S. electric shaver market, Gillette is required to provide the new company with Braun razors for a period of five years after divestiture.

The new company will also assume legal title to all U.S. rights of Braun razor products and will be allowed full access to Braun technical information and manufacturing knowledge in America. It will also be entitled to use Gillette's own, currently unused, U.S. electric shaver patents by paying royalties.

The total U.S. shaving market is estimated to exceed $500m. a year, with about a quarter of that in electric shavers. Gillette, with about 70 per cent. of the wet shaving market, clearly dominates the whole market. The electric razor segment is currently led by North American Phillips (NORELCO), Ronson, Schick, Sunbeam and Remington. Braun shaver operations have remained in Europe, where its four main models come second to Phillips.

This proposed settlement will clearly benefit Gillette. This anti-trust suit has forced the American company to operate Braun, since acquisition, as a separate entity, resulting in some expensive duplication of manufacturing, marketing and distribution costs. Over the longer term, this settlement also appears to give the company the go-ahead to enter the U.S. electric shaver market.

AT & T earnings decline slows in May quarter

BY GUY DE JONQUIERES

NEW YORK, June 18.

AMERICAN TELEPHONE and Telegraph reported to-day that its net profits fell 3 per cent. during the quarter ended May 31 to $809.5m. or $1.34 per share from $831.9m. or $1.39 per share in the same period of last year.

The fall is, however, considerably less steep than the 10 per cent. drop in profits during the preceding quarter, ended February 28. Mr. John De Butts, AT and T's chairman, said that the company's business was enjoying a gradual improvement and that there were now "firm grounds" for hoping that the worst of the recession was past.

During the 12 months ended May 31, AT and T earned $3.1bn. or $5.12 per share, against $3.1bn. or $5.27 per share a year previously. The figures for the preceding year include a net gain of $46.6m. or eight cents per share from the sale of stock in Communications Satellite Corporation.

During the most recent quarter, AT and T's operating revenues rose to $7.1bn. from $6.5bn. For the year, revenues increased to $27.1bn. from $24.7bn. During the quarter, AT and T added almost 800,000 telephones and handled about 100m. more long-distance messages than during the same period a year before.

The company has restated its results for the 1974 periods to reflect revised depreciation rates prescribed by the Federal Communication Commission for some of its telephone subsidiaries during the later part of last year, but retroactive to the start of the year. This reduced earnings per share by one cent for the three-month period and two cents for the 12 months.

Hamburg losses for Reynolds Aluminium

HAMBURG, June 18.

REYNOLDS ALUMINIUM Hamburg said 450 of the 1,100 staff at its aluminium plant here will work short time between June 23 and August 31, because of falling orders, lower prices and large stocks at the plant.

In April Reynolds said the Hamburg smelter and rolling plant had made a clear loss in 1974 and the future of the company in the present form was in doubt. Last month, Reynolds declined to comment on reports that its 90 per cent. owner, Reynolds Metals, was considering handing its stake over by September—at no cost—to the city of Hamburg which holds 10 per cent. of the equity.

Reuter

Montedison's foreign aims

BY RAY DAFTER

MILAN, June 18.

IT IS CLEAR that Montedison is aiming to be much more internationally minded, particularly in the production field. It is conscious of being closely tied to the Italian economy in manufacturing terms.

The important petrochemicals division, for instance, had sales of L1,600bn. last year. It produced more than 90 per cent. of output in Italy although it sold some 40 per cent. abroad.

Signor Dino Marzollo, manager of the company's petrochemicals division planning section, said that Montedison was looking at a number of countries for possible expansion. These included the U.K., Germany, Holland, Belgium and France.

Montedison already has manufacturing links with Britain. Apart from the joint venture with Monsanto for the production of nylon intermediates at Seal Sands near Hull, it recently announced a joint venture with ICI at Priolo in Sicily. As reported in the Financial Times last week, Montedison is considering a further joint venture with ICI, which is regarded by the Italian company as a natural partner.

Signor Marzollo told an international Press conference here to-day that the petrochemicals division intended to strengthen its presence internationally with a view to making its productive structure more balanced. It would do this through direct initiative and through joint ventures. "However, this does not mean that in the short-term there will be any drastic changes in the localisation of productive investment; this would be unthinkable for a group engaged in a policy designed to create new employment possibilities in Italy, particularly in the south."

Montedison is a major force in the petrochemicals and plastics fields. Of the five main plastics groups, it produces about 60 per cent. of the Italian total and about 10 per cent. of the European total. It was stressed that the petrochemicals division intended to concentrate development on products in which it holds or can attain a position as market leader. In particular it has "very ambitious plans" for the development of its polypropylene (Moplen).

Company Results

Manufacturers Hanover target

● Manufacturers Hanover chairman, Gabriel Hauge said the bank holding company's primary goal is a minimum 12 per cent. annual growth rate over the long term. Hauge said the 12 per cent. figure is high enough to be demanding, but not high enough to entice MH into imprudent undertakings. Earnings have increased by an average of 11 per cent. over the last 10 years, and the pattern showed a high degree of sensitivity to interest rate changes. The rate of return on average capital increased from 9.5 per cent. in 1965 to 15.1 per cent. in 1974.

John McGillicuddy, Manufacturers Hanover president, said the bank holding company's generation of capital through retained earnings is currently running at a 10 per cent. annual rate.

Manufacturers Hanover would also try to raise further capital in the stock and bond markets, when conditions were favourable.

● Bankers Trust New York Corpn. has declared a quarterly dividend of 73 cents (same) payable on July 25.

● Caterpillar Tractor Co.'s quarterly dividend is 45 cents on common stock, payable on August 20.

● Hercules expects "nominal earnings" in the second quarter ending June 30, according to W. W. Bewley, corporate economist, but a Hercules spokesman declined to elaborate on what nominal might mean.

The company blamed the expected second quarter performance on a decline in foreign activities and in domestic paper and rubber chemical markets, combined with significant non-operating losses. These include foreign exchange losses, losses for closing some plants and "stretchout" costs on construction projects.

Mr. Bewley said that, on the positive side, operating profits have shown steady though modest improvement in recent months, primarily because of recovery in most other sectors of Hercules business, particularly plastic and synthetic fibres.

In Europe, which represents a major part of Hercules foreign business, sales are increasing, except in paper and rubber chemicals, which are expected to show an improvement later this year.

● Net profits of Amoco Australia Pty. declined to $A0.9m. after taxes in 1974, compared with $A2.4m. in 1973. This represented a return of 1.2 per cent. on funds used.

The continuing high cost of imported crude oil, substantial wage and salary increases, the introduction of the 35-hour week within the oil industry and the effects of inflation on all aspects of operations seriously affected profitability.

There were also delays by the Prices Justification Tribunal in granting price increases to offset escalating costs. Sales volume for 1974 showed a continuing improvement, with total refined product sales increasing 3 per cent. to 28m. gallons. If wage demands are moderated and inflation is held in check, 1975 will reflect a considerable improvement.

● American Petrofina's 1975 profits will be lower than last year's $3.18 a share. But the decline will be less than the 60 per cent. drop of the first quarter.

No specific forecast was made but revenues for the year will be close to $1bn., up from $853m. in 1974.

In the first quarter, American Petrofina earned 43c a share, down from $1.23 a year ago. The company's lower earnings reflect a sluggish market for plastic and petrochemicals and also the increased costs of crude oil and labour; these have not been fully reflected in the prices of refined products. The company will continue its capital expenditures budget for this year at $100m. The annual dividend of $2 per share is reportedly safe.

Borregaard to sell its ICB holding

BY FAY GJESTER

OSLO, June 18.

A/S BORREGAARD, the Norwegian paper, pulp and chemical concern, is to sell the bulk of its 33.65 per cent. stake in the Brazilian company Industria de Celulose Borregaard S.A. (ICB) to the Brazilian Montepio Company of Porto Alegre if the agreement which has been negotiated is approved by the relevant authorities in Norway and Brazil. Other Norwegian shareholders in ICB are also to sell their shareholdings to Montepio. The agreement is expected to be signed in London on June 26.

Borregaard is expected to receive about Kr.140m. for the shares it is selling. The group will retain about 7.5 per cent. of the share capital in the form of preference shares. The other selling Norwegian shareholders will receive a total of Kr.55m. It has also been agreed that Borregaard will continue to bleach eucalyptus pulp from ICB at its Sarpsborg plant in S.E. Norway. A contract for the supply of 120,000 to 150,000 tons of pulp per year over the next four years is likely to be concluded. The Brazilians have indicated keen interest in creating a durable European market for pulp from ICB, Borregaard reports in a Press release.

ICB is located in the Brazilian State of Rio Grande do Sul and production began in 1971. Norwegian interests at present hold 51 per cent. of the voting stock in the company, the remainder being owned by local interests, including the Federal Development Bank. The ICB plant was shut down for the first three months of 1974 by the State authorities after protests about the smell it emitted.

Aid planned for Aker

BY FAY GJESTER

OSLO, June 18.

NORWAY'S AKER shipbuilding group, which has specialised in building big tankers and is in difficulties now because of large-scale contract cancellations, may get Government help to finance a changeover to other types of production, Prime Minister Trygve Bratteli revealed to-day. This would come in addition to the Government's recent undertaking to guarantee foreign loans of up to Kr.225m., to ease the group's cash problems.

Mr. Bratteli told a Press conference that a Government-appointed committee which has been studying Aker's problems since last March had now put forward its recommendations. These included providing a large loan to finance investments in new types of production.

The Ministry of Industry would be giving these recommendations immediate consideration, he said. The Aker group had previously shown its adaptability during difficult periods, and he hoped it would do so now. He praised the concern's past achievements and said that with its 11,000 plus employees, it was an important national asset. The Government did not want to see it "toppled over."

Asked whether the State would demand a say in Aker's management, Mr. Bratteli said the need for this would be considered but it was not "the main issue," right now.

Reuter adds: the Prime Minister also said that loans totalling hundreds of millions of crowns will be made available to Norwegian industries to overcome effects of the international recession.

The Bank of Norway will give loans on special terms to banks which contribute to financing extraordinary stockpiling in the wood processing and aluminium industries, he said.

Further measures will be considered to secure full employment as will borrowing abroad, he added.

Barclays loan up to $50m.

By Michael Blanden

A STRONG demand for its Eurodollar issue has prompted Barclays Bank International to increase the amount of capital notes being sold from $35m. to $50m.

As expected, the 7-year capital notes carry a coupon of 9½ per cent., and the price has been fixed at par. A spokesman for the bank said that investors had clearly been influenced by the bank's international standing and the prime grade triple A rating accorded to the issue by Moody's Investors Services.

The issue appears to have attracted a broad demand including interest from oil surplus countries. As well as marking a success for Barclays, it is likely to be regarded as an important pointer to the market's attitude towards U.K. borrowers.

It is the first big corporate U.K. borrowing for over a year, and has probably gone well because of the bank's extensive interests outside the U.K. as well as its own standing. The proceeds are to be used for the general development and expansion of the group's worldwide activities.

It was also confirmed yesterday that the Municipal Finance Authority of British Columbia is floating its second Eurodollar bond issue in Canadian dollars. The issue is a Can.$25m. 7-year bond expected to carry a coupon of 9½ per cent. Lead managers are Crédit Commercial de France and A. E. Ames & Co. Ltd.

Reuter adds from Paris: The Free Zone of Barcelona Consortium, a Spanish State body, plans to borrow $70m. through a six-year loan with 1¼ per cent. margin over the six months London Euro-dollar rate, Interunion-Banque said.

Interunion has been charged with arranging international syndication of the loan by Banca Catalana, which has the executive mandate for the operation. A 2½-year grace period applies to repayment.

Meanwhile Lloyds Bank International is syndicating $50m. over five years for the State of Argentina under a loan carrying a two point margin over Eurodollar rates but with a flat rate participation fee raising remuneration to around 2¼ per cent., market sources said.

Bally omits dividend

By John Wicks

ZURICH, June 18.

THE ZURICH-BASED firm, C. F. Bally, holding company for the international Bally Shoe Group, recommends omission of a dividend for the year ended April 30, 1975. This follows a dividend payment for the 1973-74 financial year of Sw.Frs.25 (gross) per share. The holding firm booked a loss for the past financial year of Sw.Frs.1.13m., in comparison with net profits for 1973-74 of Sw.Frs.2.84m. The annual meeting will be held at Schoenenwerd on July 9.

ASEA gets bid approval

MONTREAL, June 18.

A UNIT of Allmanna Svenska Elektriska (ASEA), a major electrical equipment manufacturer, said it has received Government approval under Canada's foreign investment review Act for the proposed purchase of the Harland Systems division of Peacock Brothers. The cost was not disclosed. The division makes electronically controlled variable-speed drive devices for the pulp and paper industries and other industries.

AP-DJ

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	98¼	99¼
Ashland 8pc 1987	97½	98½
Austrasswiss 8pc 1987	91	92
BFCE 8pc 1989	98	99
Borregaard 8½pc 1989	96	97
Carrier 8pc 1987	90	91
Conoco 8pc 1986	95½	96½
Consd. Foods 7¾pc 1991	87½	88½
Cutler Hammer 8pc 1987	92	93
EIB 9¾pc 1985	101¼	102¼
Esso 8pc 1986 Nov.	98	99
General Cable 8½pc 1987	88½	89½
General Motors 8½pc 1986	101¼	102¼
GTE 8½pc 1986	97	98
ICI 7¾pc 1992	77	78
Nat. Grindlays 7¾pc 1987	77	79
Pacific Light 8pc 1986	91	92
Prov. of Quebec 7½pc 1988	88	89
Quebec Hydro 8¾pc 1986	97¼	98¼
Queensland 8¾pc 1987	88	89
Scanraff 8½pc 1988	95	96
Shell 8pc 1986	96½	97½
Stand. Oil (Ind.) 8½pc 1988	99	100
Tenneco 7¾pc 1987	87	88
Transocean 8pc 1986	98	99
TRW 8½pc 1986	95½	96½
Utah 8pc 1987	92½	93½
Volvo 9½pc 1985	99	100
NOTES		
Air France 9½pc 1982	102	103
Aust. Ind. Dev. 10½pc 1981	103½	104½
Barclays 7½pc 1985	97	99
Cie Nat. du Rhone 10pc '82	103	104
Du Pont 7¾pc 1978	101½	102½
Esso 7¾pc 1978	100½	101½
General Motors 8½pc 1976	101	102
Marubeni 9½pc 1987	101½	102½
Nippon Fudosan 10½pc 1981	103½	104½
Skand. Enskilda 10½pc 1981	103½	104½
Tenneco 7¾pc 1987	87	88
Tokyo Curacao 10½pc 1981	103	104

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	86	88
Ashland 5pc 1988	80½	82½
Beatrice Foods 4¼pc 1992	93	95
Beatrice Foods 4½pc 1992	103	105
Borden 5pc 1992	88½	90½
Broadway Hale 4½pc 1987	72	74
Canon Camera 7¼pc 1989	92½	94½
Carnation 4pc 1987	88	90
Chevron 5pc 1988	101½	103½
Dart 4¾pc 1987	89	91
Eastman Kodak 4½pc 1988	112	113
Economic Labs. 4½pc 1987	83	84
Eidal 7½pc 1989	98	100
Ford 6pc 1986	83	84
Ford 5pc 1988	74	76
Fuji 6½pc 1985	110	
General Electric 4¼pc 1987	84	86
Gillette 4¾pc 1987	80	82
Gould 5pc 1987	81	83
Halliburton 4¼pc 1987	148	150
Harris 5pc 1992	86	88
Hitachi 6½pc 1984	104	106
Honeywell 6pc 1986	77	79
ITT 4½pc 1987	65	67
Komatsu 6¾pc 1984	174	
J. Ray McDermott 4¾pc '87	141	143
Mitsui 8½pc 1989	147	
J. P. Morgan 4½pc 1987	124	126
Motorola 4½pc 1983	116	
Owens Illinois 4½pc 1987	93	95
J. C. Penney 4½pc 1987	81	83
Pioneer 6¾pc 1989	130	135
Rand Selection 6¾pc 1986	100	104
Rank 4½pc 1993	43	45
Revlon 4¾pc 1987	97	99
Sperry Rand 4¼pc 1987	98	100
Squibb 4½pc 1987	86	88
Toshiba 6½pc 1983	122	
Union Carbide 4½pc 1982	103	105
Warner Lambert 4½pc 1987	92	94
Warner Lambert 4½pc 1988	82	84
Xerox 5pc 1988	77	79

Source: Kidder, Peabody Securities.

CompAir reaches peak £3.1m. at midterm

NET EXTERNAL sales of CompAir expanded from £30.15m. to £39.76m in the half-year to March 30, 1975, and taxable profits advanced from £2.36m. to a record £3.1m.

The net interim dividend is held at 1p. Last year's total was 2.75p paid from taxable profits of £6.12m.

	Half year 1974-75 £	1973-74 £
Net external sales	39,761,270	30,307,213
Trading profit	5,049,164	3,789,530
Interest paid	1,144,611	730,860
Depreciation	604,529	683,005
Profit before tax	3,300,324	2,355,665
Group	3,129,601	2,348,115
Associated loss	70,477	*7,550
Taxation	1,582,160	1,005,894
Minority interest	147,913	13,368
Extraordinary items	60,864	—
Attributable	1,482,315	1,342,403
Interim dividend	276,765	375,600

* Profit.

The directors' say that results for the six months are well up to expectation, and reflects the determination, while developing business on a broad front, to concentrate particularly on those overseas markets where prospects continue to give solid grounds for confidence: 70 per cent. of net sales figure represents sales outside the U.K.

Although the second half normally provides better results than the first, a confident prediction of a comparable increase in the full year's profits cannot be made.

Because circumstances can change so rapidly the directors are not able at this point to say more than that, while the group's performance has some uneven patches, the general order position is satisfactory and they are striving to improve the situation in areas where is it not.

In many product ranges where demand remains strong the group is achieving record production levels they add.

● comment

CompAir is 31 per cent. ahead pre-tax on steady margins, after associate losses in Compresseurs Bernard (France) and a 57 per cent. increase in interest charges. The results benefit from comparison with a period of restricted working but the key to profits growth so far has been overseas sales. Aided by the depreciation of sterling, the overseas sales ratio has increased from two-thirds at the end of last year to 70 per cent., with the U.K. export content rising from 25 per cent. to just under a third. Demand from Iran and Nigeria is countering an increasingly sluggish picture in traditional sales areas but little growth, or even a profits shortfall in the second-half seems likely. This may test a share price which at 71p is yielding 8 per cent. on the strength of high overseas earnings.

Dividend cut by House Property

The House Property Company of London reports a revenue deficit of £30,377 for 1974, against a surplus of £34,364, and is cutting the dividend from 2.216p to 1p net per 50p share.

After an exceptional item—write down of cost of development of nil—£112,000 (nil) surplus on the sale of properties £90,862 (£77,241), and provision for ACT irrecoverable £21,760 (£30,000) the loss is £73,275 (profit £81,625).

H .C. Janes produces £2.36m.

SECOND HALF profits of H. C. Janes, builders and housing estate developers, increased sharply from £926,189 to £1,456,774, bringing the total for the year ended March 31, 1975, up to £2,358,149, which compares with last December's forecast of a result broadly similar to the £2.43m. reported for 1973-74.

Earnings per 25p share are stated at 19.2p (same).

The dividend is raised from 4.6542p net to 5.1138p, with a final of 2.6013p.

	1974-75 £	1973-74 £
Turnover	18,380,275	14,152,436
Profit before tax	2,358,149	2,439,728
Taxation	1,230,228	1,306,599
Net profit	1,127,921	1,122,169

Downturn at Dom—pays more

DESPITE AN increase in turnover from £3.87m. to £4.74m., taxable profits of Dom Holdings fell from £785,802 to £545,574 in the year to March 31, 1975, after £301,337, against £316,204, in the first half.

The final dividend is 2.2033p, lifting the net total from 3.235p to 3.51p. Dividend waivers amount to £162,682 compared with £149,917.

Tax for the year takes £281,880 (£387,109) and there are extraordinary debits of £109,304 (nil).

The directors say that during 1975-76 the group will continue investment at the same level in plant, machinery and machine tools in order to bring about both short and long-term advantages.

This will have a considerable impact on first half profitability, even though overall group sales are expected to show a volume increase. The group is steadily increasing exports sales, where much effort is being concentrated, they add.

The group operates as retailers and manufacturers of fixing products.

Smiths Inds. to reorganise Debentures

Smiths Industries is proposing to reorganise four of its Debenture stocks so that the level of the group's borrowing limits can be raised from a current £40m. overall to £73m., and from a secured limit of £21m. to £39m.

The directors say they are putting the proposals forward because they are aware of "certain restrictions" in the various Debenture stock Trust Deeds which might inhibit the group's development in a way that could not have been foreseen at the time the Debentures were entered into.

In effect, this relates to a shift in policy from expansion mainly through internal growth to expansion by acquisition. The company is still well within its borrowing limits—overall £25m. and secured £10m. approximately—but further acquisitions could alter the picture and a situation could arise where the company might eventually have to pass up an acquisition opportunity for fear of breaching the borrowings limits.

The limits could particularly affect purchases overseas where payment has to be in cash, whereas shares could be issued in the U.K.

Under the proposals, the 6 per cent. Debenture stock 1983-88 would have rights amended in return for an increase to 7½ per cent., from August 1, 1975, in the annual interest rate payable. Rights of the 10¾ per cent. Debenture stock 1995-2000 would be amended in return for a higher 11¼ per cent. interest rate from August 1.

It is proposed to cancel the 6 per cent. irredeemable second stock and to issue in exchange 11¼ per cent. Debenture stock 1995-2000, or, if the proposals for the 10¾ per cent. stock do not become unconditional, 10¾ stock. The basis will be £80 nominal of 11¼ per cent. stock (or the same amount of 10¾ per cent. stock) for every £100 nominal of the irredeemable stock. Interest on the new stock will accrue from August 1, 1975.

It is also proposed to repay in cash the 3¾ per cent. Debenture stock 1973-78 on the basis of £85 for each £100 nominal of stock. This will involve payment of £195,300 cash, while the irredeemable stock proposals involves the issue of £900,000 nominal of either 11¼ per cent. or 10¾ per cent. stock.

S. G. Warburg advised Smiths on the formulation of the

Odex Racasan resources

ASSUMING profits of Odex Racasan are maintained at a satisfactory level the directors believe that present resources should be adequate to meet foreseeable commitments, including the cost of a new warehouse, says the chairman, Mr. D. W. Robertson.

Steps have been taken to minimise inflation problems by ensuring that group stocks and customers' balances are kept as low as possible.

As reported on May 23 group pre-tax profit increased from £595,208 to £720,103 in the year to March 31, 1975, and the dividend is 3.3737 (3.2681)p net per share.

Current year results to date are disappointing, but there are signs of some improvement—"We should be wrong to take anything but a cautious view of immediate prospects," says the chairman. The company manufactures hygiene products.

Industrial and Commercial Finance Corporation holds 13.7 per cent. of the Ordinary.

Meeting Ellesmere Port, July 10 at 11.30 a.m.

BIDS AND DEALS

Myson puts 5p on SMC offer

In a fresh effort to win control of Sealed Motor Construction, the Myson Group yesterday raised its offer by 5p a share in cash so that its offer is now worth just over 49p a share, compared with the rival offer by Adwest Group of 40p nominal of a new 10¼ per cent. convertible loan stock per SMC share.

This capitalises SMC at some £2.7m., compared with £2.2m. under the Adwest terms. On the news, SMC's shares rose 3p to 43½p, while Myson eased ½p to 73½p. Adwest gained 1p to 124p.

Until now, the SMC Board has been favouring the Adwest terms, but yesterday the directors said a Board meeting would be convened shortly to consider the position and meanwhile SMC shareholders "should take no action" on either the Adwest or Myson offers.

SLOUGH ESTATES

Anglo French Industrial Developments, the company jointly owned by Slough Estates and Mackenzie Hill, has become a wholly owned subsidiary of Slough Estates Overseas.

The balance of the shares in AFID has been acquired by Slough Estates for £463,790. As a result of the purchase, the Slough Estates Group now owns the freehold of two well-leased industrial buildings in the Paris region with a total floor area of 404,000 sq. ft.

NORWAY OFFER FOR BP OFFSHOOT

Norway has offered Kr.610m. for British Petroleum's subsidiary there. BP holds 50 per cent. of the shares in its subsidiary Norsk Braendseloljeais and the other 50 per cent. is held by Norwegian shareholders.

Of the price offered Kr.305m. would be for the assets.

The government will have made up its mind about purchasing the BP shares by August 15, the deadline set for BP to react to the offer. The deal would then be submitted to Parliament for formal approval by the end of November.

Norsk Braendselolje A.S runs about 1,300 garages and also has a 40 per cent. stake in the oil and gas refinery at Mongstad, West Norway.

LAKE & ELLIOT

Lake & Elliot has disposed of about 11 acres of land surplus to its neds at Braintree, Essex, at a price of £324,000 realising a profits of approximately £316,000 before tax.

Wheatsheaf looks overseas

GOING TEMPORARILY "ex new development" in the U.K. should increase profits of Wheatsheaf Distribution & Trading in the short term but growth in the medium term is on the face of it restricted, says the chairman, Mr. E. Aylett Moore.

When the opportunity for growth again appears in this country "we shall be ready to exploit it to the fullest extent. We are hopeful of creating alternative sources of profit overseas," he adds.

The directors anticipate a useful contribution to profit from Hypermarket (Holdings) this year. It will persist in efforts to develop further Carrefours, but no major expenditure is yet foreshadowed.

As reported on May 30 group pre-tax profit for the year to March 1, 1975, was £2.9m. (£3.07m.) and the net dividend is 4.48038p (4.13136p) net.

By close control of capital expenditure, stock, debtors and creditors, overdrafts were reduced by over £1.5m. to £3.93m. during the year and this trend has been continued into the current year.

Cheques drawn but not presented increased from £2.38m. to £4.98m., while cash advanced from £1.82m. to £3.65m.

Three properties originally acquired in connection with Leisuretime Development (where activity has been terminated) were revalued showing a deficit of £409,000 which has been charged to profit and loss account.

Pending disposal, two vacant sites have been transferred to the parent, but trading continues at the third site.

In the circumstances a provision of £564,000 has been made in the parent accounts against the book value of shares and advances to Leisuretime.

The below-the-line provisions are not small, but had the company gone ahead "a very severe situation could have developed," the chairman explains.

Meeting, Winchester, July 10 at 12.30 p.m.

Chairman's statement Page 2

Caution at London Asiatic

At a time of political and financial uncertainty, The London Asiatic Rubber and Produce Company is "fortunate to be operating in Malaysia where strong and enlightened government continues to provide a secure base for trading operations," says the chairman, Mr. P. T. Gunton, in his annual statement.

The first few months of 1975 have brought little to cheer the natural rubber producer, he reports. And with output now tending to increase after the end of wintering, and in the absence of any real encouragement from industry as a whole, the market has to be viewed "with some caution."

The unsettled state in which palm oil ended 1974 has become yet more evident during the first quarter of this year, Mr. Gunton adds.

The estimate of the rubber crop for 1975 will certainly be lower than that of 1974 and for palm products, the company expects outputs to continue to rise with the mature acreage "but we have discounted any repetition of the actual margin over the estimate enjoyed during 1974," the chairman says.

The actual 1975 crop estimate for rubber, after allowing for price stabilisation measures, is 16.41m. kg. (19.43m. kg.). The palm oil estimate is 31,600 long tons (31,360 long tons) and palm kernels 8,100 long tons (6,307 long tons).

As already reported, turnover increased from almost £10m. to £13.3m. in 1974 and pre-tax profit from £3.7m. to a record £6.1m. Dividends are up from 1.929p to 2.10022p net.

Meeting, 1-4 Great Tower Street, E.C., on July 11, at 11.30 a.m.

Chairman's statement Page 2

Siemssen Hunter cash flow warning

The additional 33 per cent. added to tobacco duty in the April 1975 budget will impose a strain on Siemssen Hunter's cash flow, says Mr. Roy Siemssen, chairman, in his annual statement.

Cigarette consumption is reported to have suffered although sales of imported brands, which may not be as price sensitive as cheaper British brands, "seem to be holding up reasonably well."

He reports that cigar sales, generally, are also running at a lower level since the budget. However, the increase in the price of Havana cigars is relatively smaller than on less expensive tobacco products and, in these times of continually changing retail values, it is reasonable to suppose that Havana sales will at least be maintained at last year's level, he adds.

In the leaf merchanting division turnover and profitability are currently running ahead of the same period last year but in view of the probable adverse effect of the recent budget on purchases of leaf by U.K. manufacturers as well as general increases in costs, profits may only be marginally higher for the year as a whole, Mr. Siemssen states.

Referring to the education division, he reports that Autobooks will launch two new series in 1975, one under the name of Autocare, aimed at the experienced D.I.Y. motorist, and the other under the name of Homecare Handybooks, aimed at the average family to assist them in saving money on home maintenance and improvement.

He anticipates that profits from the Autobooks Group will also be higher in 1975.

As reported on April 26, pre-tax profit in 1974 declined from £637,043 to £457,454. Dividends are up from 1.64955p to 1.793p net.

Meeting, Great Eastern Hotel, E.C., on July 8 at noon.

Statement Page 25

MINING NEWS

Inflation shelves $200m. Agnew project

BY KENNETH MARSTON

THE AGNEW nickel prospect in Western Australia of the Selection Trust group and MIM Holdings, has fallen victim to the remorseless advance of inflation. Hopes that a go-ahead decision for Agnew—earlier estimated to cost $200m. (£115m.)—would be taken at about this time have been now crushed between the advance in construction and operating costs and the depressed state of the market for nickel.

"Although the project appears to be technically feasible," the partners state that "the financial viability of the project has not yet been established" and they "have had to defer taking a decision to proceed but the position will be kept under constant review and design work is continuing."

So a potentially sizeable nickel mine—an earner and employer—with so far indicated ore reserves of a good 45m. tonnes grading what in "normal" circumstances would be an attractive nickel grade of just over 2 per cent. is having to be put on ice.

This is the stark, chilling face of inflation.

Political reaction

An immediate reaction to the news has come from Western Australia's premier, Sir Charles Court. He has pointed out that cost-inflation during the past two years has added nearly $100m. to the estimated pre-production costs of Agnew.

He has said that federal tax policies have aggravated "the problems of Australia's mining industry and that "the competitive position of nearly every mining comany in Australia deteriorates daily because our Commonwealth Government-inspired rate of inflation is galloping ahead of world prices."

However, Sir Charles has commented that the Agnew partners are very keen "not to be forced to scale down their operations beyond the point at which it would be difficult to take advantage of a quick start-up in any favourably changed circumstances."

Selection Trust has an effective interest in Agnew of 55 per cent. and the latest news will lessen anticipations that the group is planning a rights issue in the near future, although money will have to be found in due course for the Brouillan copper-zinc-silver prospect in Quebec. Shares of Selection Trust, which is due to announce its 1974-75 results at about the end of this month, fell 25p to 615p following the Agnew news yesterday. Those of MIM, however, rose 10p to 203p.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims—S. and W. Berisford, Dobson Park Industries, Dundee and London Investment Trust, English China Clays, Matthews Holdings, Ernest Scragg, United Spring and Steel.

Finals—Amber Industrial, Anderson Strathclyde, British and Commonwealth Shipping, N. Brown Investments, A. Cohen, Caledonia Investments, Cullens Stores, Thomas Hardman, Haslemere Estates, Headlam Sims and Coggins, J. Lyons, Midland Cattle Products, Nineteen-Twenty-Eight Investment Trust, Northern Securities Trust, Powell Duffryn, Sterling Industries, Westen Pharmaceuticals.

FUTURE DATES

Interims—	
Alexanders Discount	July 7
Atlas Stone	July 22
Great Northern Investment Trust	June 23
Malt Securities	June 30
Finals—	
Baker Perkins	June 25
Brickhouse Dudley	June 26
Bristol Evening Post	July 9
Continuous Stationery	June 25
Dorman Smith	June 27
Fowler (D. and J.)	June 24
Giltspur	June 25
Lamont Holdings	June 25
Permali	June 24
Plessey	June 25
Russel Bros. (Paddington)	June 24

CORNWALL GIVES A WARNING

To-day's news regarding the impact of inflation on the Agnew nickel project in Australia underlines a comment from the latest report of the Cornish Mining Development Association. It is that while the long-term outlook for tin remains good, the prospects for the Cornish mines could be destroyed by inflation.

Says the Association, "Unless this can be brought under control the industry, in common with many others in this country, could be swept away in a tidal wave of financial ruin."

Meanwhile, a new producer is about to join the Cornish tin industry which provides about 20 per cent. of U.K. tin requirements. It is the Mount Wellington mine which lies on the other side of the Carnon Valley in south Cornwall from the Consolidated Gold Fields group's Wheal Jane mine.

The newcomer aims to become a similar size producer to Wheal Jane and is aiming at an annual output of 1,500 tonnes of tin metal with production due to start early next year.

Mount Wellington is run by Cornwall Tin and Mining in which America's Cornwall Tin and Mining Corporation has a 49 per cent. stake with the remaining 51 per cent. being held by Switzerland's Excomm. Canada's Prado Exploration is a major shareholder in the U.S. company.

Newfoundland to lift taxes

THE LATEST turn of the tax screw on the mining industry in Canada is now to be applied by the Newfoundland Government. The latter has introduced legislation replacing the old Mining Act and raising mining taxes which, of course, are in addition to those levied at federal level.

Our Montreal correspondent reports that Newfoundland's new legislation proposes an increase in the present 5 per cent. tax rate there on existing operations to 15 per cent. and it also envisages a tax of 20 per cent. on royalty income. Mine operators which also own their properties are to pay tax at 20 per cent. on the first 20 per cent. of income and 15 per cent. on the rest.

The new arrangements are thought likely to be retrospective to January 1. The major concern affected will be Iron Ore Company of Canada, the country's largest producer of iron ore which is owned by a consortium of U.S. steel firms with Canada's Hollinger Mines as a minority partner.

LOWER PROFITS FOR BRINCO

Canada's Brinco anticipates a further decline in this year's earnings. For the first quarter they amounted to 0.5 cents net per share compared with 9.4 cents a year ago before the $160m. sale of the company's Churchill Falls hydro-electric interest to the Newfoundland Government.

Brinco, which called off its proposed merger last year with Rio Algom as a result of adverse market conditions, expects increased exploration expenditures and a substantial reduction in interest rates this year.

BOOKS

What you will

BY C. P. SNOW

The Literature of Fidelity by Michael Black. Chatto and Windus. £4.50. 213 pages

The Literature of Fidelity had its origin in some radio talks given by the author. Rather oddly Mr. Black didn't think of expanding them into a hard cover publication, and had to be prompted by a literary agent, Anne McDermid. She is a benefactor to us all, for at the end of this singular process has emerged a book of real distinction.

It is, to begin with, written with complete lack of fuss, and is at the same time matter of fact and humanly precise. There stick out one or two jargon words, such as "centrality," which anyone whose ear for English is as true as Mr. Black's ought to throw away—but that apart the language is admirably suitable for this kind of wide-ranging and personal criticism. It is relieved from solemnity by a nice vein of subterranean wit, in the 17th century sense, for example of Stiva Oblonsky in Anna Karenina—"His apparent weak will, which is really a very economical way of enjoying the benefits of a strong will."

The major theme of the book is much subtler than the title promises. True, Mr. Black studies the relation of love—love as a shorthand label which includes many kinds of relation between men and women — as written about in some well-known works of literature, *Othello, Phèdre, Madame Bovary, David Copperfield, Anna Karenina, Wuthering Heights, Portrait of a Lady, Lady Chatterley's Lover*. But that is only the beginning. It is important not to make Mr. Black sound more schematic than he is, but perhaps one can give a crude idea by saying that he is examining the conflict—inevitable in our nature and also irreconcilable—between what we want to do and what society, the world outside, our own consciences and responsibilities will let us.

People at different times have attached different names, and given different weight, to these two poles. Self-fulfilment, spontaneity, authenticity, are now the fashionable names for allowing maximum permission to the romantic innocence of human nature. Duty, conscience, trying to cope with original sin, are less fashionable names on the other side: if you detest that side, you call it life-denial.

Here Mr. Black has obviously had something of a moral, or perhaps a spiritual struggle. From the textual evidence, he was brought up, like a good many of his generation, under the influence of D. H. Lawrence. Emotionally this hasn't left him: and it has taken an intellectual effort, and the lessons, one feels, of his own life, to reach different conclusions.

Even now, he has been moved to finish his book with a comparison of Tolstoy and Lawrence, as though they were of similar stature. Lawrence is at this moment having rather a vogue in Russia, but any Russian would blink his eyes at this peculiar equivalence, and so would some of us. Yet, despite this powerful pull from his own ambience, Mr. Black's mind is too honest not to arrive at a summing up which any sane man will applaud. He writes, and this shows his strength:

> "I wish to say flatly that the modern cliché idea that self-conflict is harmful and unnecessary is false. It is not true that in any situation of difficulty it is only a matter of discovering where "life" or "the blood" or "true happiness" lies, and opting easily for that. Lawrence, or a cliché response to Lawrence, lies behind this attitude, and the same body of clichés lies behind the rejection of a true self-consciousness, a positively directed will and a sensitive conscience."

It is hard to understand how anyone who has lived in touch with his own experience, and has learned what beastlinesses he is capable of, can think differently. No man has ever shown greater spontaneity than Charles Manson, or greater authenticity than Hitler. Lawrence was a writer of genius, but he seems to have learned nothing after the age of 26. He went in for extravagant geographical change, in order to remain psychologically in exactly the same place.

Some of the books which Mr. Black examines don't come into the present day Eng. Lit. canon, and the pieces about them have great freshness. He is particularly good about Racine, and many readers will learn a lot, as I did. Racine is—at least in doctrine—the exact opposite of the self-fulfilment school. Phèdre shows classicism at its starkest, though it shows plenty more, and Mr. Black treats the play with a respect which does credit to his range of sympathy. By the way, Mr. Black has also more insight into the theatrical aspect of the theatre than normally comes easily to literary persons.

He deals faithfully with *Madame Bovary*, not as a rule appreciated by English academics, and very thoroughly with *Portrait of a Lady*. I am afraid that he is right about the artificiality, or the lack of innermost experience, which this book shares with so much of James. I say afraid, because James was a magnanimous man and a fine critic, and one would like to take him at his own valuation. Mr. Black suggests that James's natural genius was for the comedy of manners, which with different luck might have made him a master dramatist. There is support for that view in the success of James's novels on television, where the flaws are nothing like so destructive.

The piece on *David Copperfield* is excellent, and doesn't leave much more to be said on that book, so marvellous and yet in places so tentative. My one serious regret about Mr. Black's work is that he didn't stray even wider from the university curriculum. It would have been valuable to hear his scrupulous intelligence playing on Stendhal, who was a more persuasive and complicated exponent of self-fulfilment than the English examples.

At the other pole, where human relations are set among the matrix of social living, there were rich fields waiting for just such a talent as Mr. Black's—Galdós, one of the very greatest of nineteenth century novelists—Trollope's relation of Plantagenet Palliser and Glencora, one of the most truthful studies of fidelity in marriage in the whole of fiction, utterly unsentimental, written from deep experience and accumulated wisdom—Proust's account of Norpois and Madame de Villeparisis.

Proust sounds an unlikely subject, for no one was more disposed to see the lie in life, even when it wasn't there. Nevertheless, with his instinct for the unexpected truth, in virtue as well as in vice, he attributes a relation of singular steadfastness and quality—quality in every sense—to two characters who are not only not at all admirable, but in many ways slightly ridiculous. And it becomes absolutely convincing.

Who won the war?

BY RICHARD JOHNS

The War of Atonement by Major-General Chaim Herzog. Weidenfeld and Nicolson. £6.60. 300 pages

The Road to Ramadan by Mohamed Heikal. Collins. £4.50, 285 pages

Coinciding in publication, these two books about the October War of 1973 by Israel's chief military pundit and Egypt's foremost political commentator, who have both enjoyed privileged access to information, present an intriguing contrast even if they cannot bear strict comparison.

Major-General Chaim Herzog's *The War of Atonement* is a scrupulously researched account of the conflict—the most authoritative yet to have appeared. The Irish-born former Israeli Chief of Intelligence has gathered together a wealth of fascinating detail, much of it taken from the verbal reminiscences of the combatants.

Mr. Mohamed Heikal's *The Road to Ramadan* has a broader canvass beginning with a graphic account of the planning of the crossing of the Suez Canal, and its early stages, before reverting to the origins of the war back in 1967 and recounting the long years of preparation prior to the launching of "Operation Badr." The former editor of Al Ahram, who was a confidant of both President Nasser and Sadat, has produced a very personal story, rich in anecdote much of which is revealing about Egypt's relations with the Soviet Union and other Arab States. He has evidently indulged in a degree of journalistic licence and also in keeping with his old political role glossed over truths still unpalatable in Cairo, in particular the desperate state of the beleagured Third Army on the east bank at the time of the first ceasefire.

Despite the superficiality of Mr. Heikal's description of the campaign from the time of the establishment of Israel's bridgehead the two books do offer some scope for "historiographal" comparison as far as this crucial period is concerned. On one somewhat esoteric point there is a fascinating discrepancy about the death of General Avraham Mandler.

Mr. Heikal says that it was the capture of the vital Israeli code during the war which enabled an Egyptian gun to range on his H.Q. Referring elsewhere to the enemy's possession of the code—which, he says, was obtained before the conflict — Major-General Herzog relates the concern of Major-General Gonen, luckless GOC of Southern Command, that Mandler's death had resulted from an indiscreet radio message arranging a rendezvous between the two only 30 seconds earlier. To settle his distraught conscience a day later he deliberately and clearly revealed his own location in an exposed position and then in the company of a junior officer waited for 10 minutes sweating before asking with relief: "Have I proved my point?"

Heikal retails how on October 17 the commander of the Egyptian 182nd Parachute Brigade was ordered to pull back elements of his unit approaching the crossing point so that "he withdrew his hand from the Israeli windpipe." From the Herzog narrative it would appear that the bloody battles against the Egyptian positions at positions named Chinese Farm and Missouri on the east bank (which took place before the Egyptians had an inkling of the size of the Israeli force across the Canal) were far more crucial in preserving the life-line. (That, too was my impression from conversations with Israeli soldiery on both sides of the waterway.)

Inevitably, accounts of the breach of the first U.N. cease-fire order are poles apart. Mr. Heikal maintains the standard Egyptian-Soviet line that the Israelis unilaterally disobeyed in an attempt to complete the encirclement of the Third Army. Reasserting that it was already cut-off, Major-General Herzog tells how units tried to escape the noose—without mentioning the fact that Israeli troops poured across the Canal after the deadline to consolidate whatever stranglehold they had.

Major-General Herzog covers thoroughly well-established ground in spelling out the complacency in Israeli military thinking resulting from the June war, the false assumptions about weaponry and tactics, and the almost disastrous failure to evaluate properly intelligence information on the eve of the October War. More novel is his examination of the command's thinking about defensive strategy in Sinai in the intervening years and his criticism of it for not adopting an "indirect approach" designed to force the Egyptians and Syrians on to a wider front.

As ever, Mr. Heikal is a good raconteur in a way that always emphasises his own importance. Apart from some fresh information on Egyptian-Syrian planning in the run-up to the war and differences during it, there is plenty to entertain connoisseurs of old Araby and the general reader, not the least in his account of his first contact with the young officers who seized power in Libya in 1969 and Col. Khedaffi's subsequent attempts to purchase a nuclear weapon from China. Also notable are his version of such incidents as the Kremlin's attempt to unseat him from his editorial chair at Al Ahram and the strain caused to U.S. relations by the uncovering of the CIA agent Randopolo.

Arthur Hailey: verbal assets

Slightly overdrawn

BY REX WINSBURY

The Moneychangers by Arthur Hailey. Michael Joseph/Souvenir Press. £3.60, 441 pages

Lloyds Bank Review was never like this:

"Rossie, sweetie," Avril murmured, "when you came in, you looked tired and worried."

"I've had a few problems lately at the bank."

"Then we'll get you loosened. You'll have champagne first, then you can have me." Dexterously she . . .

But I need not go on. It's the Arthur Hailey comet blazing again across the fiction firmament. After *Hotel, Airport* and *Wheels*, the tail of monosyllables extends to a tale of bankers and banking. *The Moneychangers*, already heading the best-seller lists in the U.S. and oh! you bankers, I simply never knew.

In my innocence I thought you were sound men, governed by prudential considerations and reserve ratios (unless you were secondary bankers, which is different). Now I read that you are seduced by naked red-heads in the Bahamas, take Vietnam and civil-rights activists as your mistresses, employ undercover agents who survive Mafia torture to uncover vast credit card frauds and bank note forgeries, are locked in vicious corporate power struggles, and meditate deeply upon the social responsibilities of high finance.

But before Lord Armstrong, Sir John Prideaux, Sir Eric Faulkner, Mr. Anthony Tuke, Mr. James Blair-Cunyghame and those other pillars that shelter the British moneytables foreclose upon me, I had better emphasise that Arthur Hailey's bankers are the bankers, not of the Square Mile, but of the prosperous U.S. mid-West, and the villain who almost pulls down the bank when his over-borrowed business empire collapses is a pastiche of all those conglomerate wheeler-dealers that went phut as the long night of recession set in over America.

Mr. Hailey's style is flat, the sentiments conventional, both in bed and in the bank. But the novel is still compulsive reading, because he keeps the narrative moving in the best Hollywood tradition (as well he might—he has signed a contract for three two-hour films to be made from it by the same men that filmed Airport, for show on U.S. TV and then in the cinema) and has researched and described in behind-the-counter detail the elaborate procedural rules and physical defences which a big U.S. city bank constructs to cope with huge quantities of money: and who is not fascinated by money?

What turns a commonplace plot into a top-notch pot-boiler is just this combination of pace and home-work with sex and violence, plus enough contemporary references (to the Watergate exposés of the Washington Post; to his villain taking refuge in Costa Rica—shades of Robert Vesco; to the flight into gold) to make it an active if overdrawn current account rather than just another boring old bank statement.

Fiction

One kind of success

BY ISOBEL MURRAY

The Good Listener by Pamela Hansford Johnson. Macmillan, £3.50. 237 pages

Someone Else by Gillian Tindall. Hodder and Stoughton. £3.15. 255 pages

The Traveller and His Child by Gillian Tindall. Hodder and Stoughton, £3.75. 288 pages

The Summer Before by Patricia Windsor. Macmillan, £2.95. 241 pages

The Odd Woman by Gail Godwin. Jonathan Cape, £3.50. 419 pages

Pamela Hansford Johnson's new novel opens with an undergraduate conversation in 1950: "I wonder where we'll all be five years from now?" This conversation forms a marvellously economical introduction to three characters, and in particular to the habits of mind of Toby Roberts, through whose eyes we see the novel. It emerges that Toby regularly receives confidences from the others, but rarely volunteers his own secrets. His kind of good listener may verge on the cautious and the mean.

The news that his new girl friend, Maisie, comes from a rich home and her mother has a *salon* preoccupies him throughout the rest of the conversation: he has "a somewhat exaggerated faith in the advantages of meeting people," and dreams ahead, conscious that "he was not in love with Maisie yet, though he suspected that she had begun to be fond of him."

By this time we have learned enough to be appropriately guarded in response to Toby's often guileless egotism. We follow his career for these five years, and every nuance of suspicion about him turns out to be fully justified. He is not really involved in the fortunes of the friends who confide in him: he is intrigued, learns from their mistakes (one has to get married), and happily re-discusses them with others. He sees himself centrally in every situation, although not with objective clarity. His feeling for Maisie—she's "rather sweet"—is enhanced by the glamour of her wealthy, artistic home, and unmoved by repeated warnings that she's too sensitive to be trifled with. Trifle he does, with her and with Claire, whose father is a lord, which is nice, and gets Toby a job, which is even nicer.

At last Maisie, endlessly enjoyed, postponed and betrayed, demands to know the state of the parties, and accepts the inadequacy of Toby's feeling. Toby's road is a very easy one, on the whole, and even such a setback as this nonplusses him only for a very short while: he bounces back, successful, smart and egotistical. In the end it is hard to know whether to dislike or pity him more: he remains superficially a good listener, although he is not deeply affected by the confidences of others, and is almost impervious to home truths about himself: Toby will be very successful, in an unenviable kind of way. Pamela Hansford Johnson has beautifully rendered this unlikeable hero and his limitations, in a range of vivid and memorable settings and lively characters.

Gillian Tindall's heroine Joanna Roux is the focus of her earlier novel, *Someone Else*. Joanna, writer of children's books and mother of a baby boy, is married to Loic, a successful and flamboyant journalist. There is a short but vivid picture of their happiness together before it is brutally shattered by Loic's death in a motor accident. Joanna is left alone with baby George, to come to terms with Loic's death, with widowhood, with becoming suddenly a second-class citizen in a society where every one operates in pairs. Joanna's numb grief and other people's clumsy attempts to help are conveyed with extraordinary sensitivity and honesty, especially in detail.

In her new book *The Traveller and His Child* the focus is upon a male hero, Robert, abandoned by his American wife, and deprived by her of his only son, and left with a gaping emotional vacuum to fill. This leads him to form an attachment to the seven-year-old son of his best friends with fairly catastrophic consequences that form the substance of the novel. Both books show the central figure painfully acquiring self knowledge; both are perceptive and moving.

Essentially the same plot—girl loses lover in motor accident—is the basis of a totally different book, *The Summer Before*. In her first novel Patricia Windsor ambitiously presents a very disturbed adolescent girl, not long home from the "crazy hospital," helped by a rather detached psychiatrist, hopelessly unable to reach her over watchful parents. Her state is traumatic, and so is its cause: the previous summer Alex had run away with Bradley, her closest friend since childhood, and Bradley was killed in a smash-up from which Alex "miraculously" escaped. Alex's tortured journal, the special, uncommunicable nature of her relationship with Bradley, her conversations with the psychiatrist and with an ever curious girlfriend all carry authenticity and pathos. A very interesting first novel.

The Odd Woman is a long novel about a liberated American academic lady. She is odd in many ways, but especially single in a "couples" society: she has a rather unsatisfactory relationship with a married man, which seems to have no direction. Jane Clifford is a well drawn character, and her family history, relatives, friends and lover are all detailed with sensitivity, but in the long run I felt Gail Godwin lacked the essential sense of scale: like the little boy and the book on penguins, this novel told me more about Jane Clifford than I wanted to know.

Michael Lee

Gillian Tindall, flanked by publisher Maurice Temple Smith and Prof. Pierre Coustillas, at the unveiling by the Professor of a plaque to George Gissing in Oakley Gardens, Chelsea, last week. Miss Tindall's biographical study of Gissing "The Born Exile" was published by Mr. Temple Smith last year. Her new novel is reviewed to-day

Heirs to the Roman Empire

BY ROBIN LANE FOX

The Arabs and Medieval Europe by Norman Daniel. Longman. £7.50, 375 pages

This notable book is another reminder that the most challenging history is often not written inside the professional net of dons and teachers. Norman Daniel is Cultural Attaché in Cairo, a post which is of a piece with his earlier work on the European view of Islam. He is most emphatically not another of those diplomats turned historian of the country in which they once served. His style may not always seize his readers, but his sense of the broad question and his pursuit of a long string of fascinating issues behind it are far removed from those mandarin memos on the past.

The Islamic world and the world of medieval Europe arose from shared roots in the late Roman Empire. Even Mohammad must be seen against the background of the late Roman Syria to whose traditions of piety he attached himself. But why and how did these Eastern and Western heirs to Rome differ? When the Arab assault on Europe ended in the eighth century, how far were Europe and Islam on common ground? Dr. Daniel is inclined to tantalise us with their similarities. He brings out parallels in their development, never claiming influence or derivation, merely jogging those who sit round the frog-pond of medieval Europe into a realisation that there is a neighbour, often doing the same things, *seldom* considered by so-called medievalists.

Questions of the "similarity" or unrecognised "unity" of two hostile cultures tend to assume a belief in the essential brotherhood of man, a dubious, maybe an arrogant, concept. Taken too far, they also blur facts too large to need repeating. Maybe Islam seems alluringly near to Christianity, so near that the dream of "correcting" the small error of the Moslem fascinated Catholics until the fourteenth century. But religion and language (some, no doubt, would still add race) kept Moslem and Christian far apart.

Their efforts must not be played down. With Islam went a whole view of the "People" or "community" of the faithful: there is no word for state or Church in medieval Islam. With the language went a very deep tradition and a view of the world which differed far more than in such basic peculiarities as the fact that the word "but" took the accusative or that verbs had only two "tenses," in a European sense.

Dr. Daniel is at his best when he keeps the similarities in the background and focuses on points of tension or misunderstanding. He has a splendid account of the Cordova martyrs, Christians who were executed by the Sadi in Moslem Spain and described their martyrdoms in the language of the old confrontations with the Roman governors. Assiduous use of the original sources shows up a mass of unexplored detail on his theme. Mostly these sources are Western, often deliberately ignorant of the facts of Islam: at times one feels on the fringe of a larger problem, the internal world of Islam in Egypt and Baghdad and its equally suggestive relationship to the culture of Iran. From this crucial Eastern perspective, Dr. Daniel has deliberately biased himself. He sketches the place of Arab science in Europe, and traces the influence of Arab literature in the West: he is as good as usual on the idea of a Crusade and the western view of the Arab.

But western literary sources leave a brittle impression, for it is by no means easy to catch the outlook of two wider publics from such stylised information. On the courtly ideals of Islam and the West his sense of a parallel is strong and very interesting. He suggests that nearly all the kings, knights, scientists, philosophers and lawyers of medieval Europe "are quite credible of being imagined as Arabs." Courtliness and the ideal of the generous and wise king were not peculiar to the West.

Literary life

BY JOHN LEHMANN

Closing Times by Dan Davin. Oxford. £4.95, 190 pages

Words and Faces by Hiram Haydn. Harcourt Brace Jovanovitch. £4.40, 346 pages

Mr. Dan Davin, who has worked with the Clarendon Press as a publisher since the war, in which he served through many campaigns as a soldier, is in fact a New Zealander of a remarkably gifted generation of New Zealand writers. As readers of his novels and short stories know, he can write very well indeed, and at least three of the portraits he has collected in his new book, of friends, writers who are now dead, are masterly.

The trouble about *Closing Times* is indicated, I feel, in the title. Pub cronies seldom make intimate friends, and in a book that is awash with bitter it is the friends who were seldom, if ever, there to stand a round that come out most vividly, with most authority. The sketch of Louis MacNeice seems a bit of a slop-over from W. R. Rodgers, and does not, to my mind, get anywhere near the heart of one of the most brilliant poets and most complex, elusive personalities of his generation. It is also marred in the writing by a tasteless artifice of rather strained puns. Nor does Mr. Davin add much to the well established portrait of Dylan Thomas as the squander-happy drinker, whose excesses nevertheless seemed incapable of drowning the subtle, infinitely painstaking artist.

I have to admit, however, that the portrait of Julian Maclaren-Ross, who can scarcely be detached in anyone's memory from the Wheatsheaf tavern in Soho in the late 1940s and early 1950s, is very good, very accurate and percipient in its observation, and sadly affectionate too. An eccentric, tragi-comic figure of unfulfilled promise, it recalls him more vividly and more completely than anything else I have read about him.

What Mr. Davin writes about Joyce Cary makes me regret enormously that I did not know him better. "Cary regarded his experience as a mine, a gross mass of rock, from which an ore had to be extracted and refined and then moulded into a particular shape." Mr. Davin follows him in this process of refining and shaping with a sensitive fellow-artist's empathy, and one is left with the impression of a man of tender personal warmth and reticent charm who was at the same time an inspiringly dedicated artist.

Reticent charm was not exactly Enid Starkie's outstanding quality, but she was an indomitable character on the Oxford scene, and Mr. Davin makes her live for us in all her freakish and obstinate idiosyncracy—and pathos.

Hiram Haydn, who died in 1973, was also a publisher, but in the very different world of New York publishing, which in his account emerges as a sort of steamy Everglades among the skyscrapers, infested with alligators and deadly snakes with human faces. The British reader soon finds himself in a welter of names that are unlikely to mean very much to him, the Donalds and Bobs and Mikes and Pats who meet for regular lunches and appear to plot to assassinate one another as soon as they get back to their offices. Nevertheless, I think every young British publisher who is eager to establish serious transatlantic links should read this book. I know no book that reveals so vividly how the game is played over there.

Hiram Haydn had very wide experience. He became editor of the American Scholar, entered publishing in 1945 with the old-established firm of Bobs Merrill, moved from there to Random House, then founded Atheneum with Michael Bessie and Alfred Knopf's son, and after the predictable rows ended up with Harcourt Brace Jovanovitch. This explosion-punctured mobility of the "editor" is a characteristic of the American publishing scene that is still, on the whole, unfamiliar here.

More often than not, he has nothing to do with the business or organisational side, but is given carte blanche to pounce on promising (or already successful) authors and sign them up, generally against fierce competition. If they don't produce either prestige or big sales, he is out. When he moves, as he nearly always does for one reason or another, he expects his authors, whose books he may well have rewritten quite radically, to follow him.

Alas, this loyalty is not always forthcoming. Haydn's crackling book is filled with painful tales of faithlessness, and one can't help feeling that he died with much iron in his soul.

U.K. ECONOMIC INDICATORS

General	Unit	1975 May	1975 Apr.	1975 Mar.	1974 May	1974 Apr.
Unfilled vacn's¶	'000s	164.1	173.4	178.0	429.8	399.0
Unemploymt.¶ a	'000s	813.0	899.7	768.4	535.4	546.8
Currency reservs.	$bn.	6.491	7.132	7.117	6.920	6.956
Bank advances b	£bn.	14.766	14.770	14.877	14.055	13.986
Manf'd. prods. d	1970=100	187.3	182	179	148.9	146.3
Basic mater'ls d	1970=100	225.2	223	221.8	210	217.4
Retail prices	Jan. '74=100	134.5	129.1	124.3	107.6	106.1
		Apr.	Mar.	Feb.	Apr.	Mar.
Terms of trade e	1970=100	79.8	78.4	78.3	72.7	72.9
Wage rates	July '72=100	168.3	167.4	160.6	127.2	125.7
HP debt¶ e	£m.	2,290	2,265	2,284	2,357	2,378
Indust. output**	1970=100	102.5	104.5	105.5	107.3	105.7
Rtl. sales val.**	1971=100	184.4	166.3	166.7	138.8	138.2

Trade and Industry	Unit	1975 May	1975 Apr.	1975 Jan.-May	1974 May	1974 Jan.-May
Comm. vehicles*	'000s	32.0	32.6	29.9	36.1	31.3
Cars*	'000s	69	107	106	158	132.2
Imports f.o.b.**	£bn.	160.2	165.5	169.9	174.0	161.5
Exports f.o.b.**	£bn.	158.6	136.6	150.1	127.0	118.0
Visible trade balance	£bn.	−0.016	−0.289	−0.198	−0.477	−0.432
		Apr.	Mar.	Jan.-Apr.	Apr.	Jan.-Apr.
Steel (weekly average)*	'000 tonnes	429.5	494.4	471.0	489.7	424.3
Bricks*	millions	414	381	400.2	519	453
Cement (wkly. average)*	'000 tonnes	327	338	314	388	330
Houses cmpltd.¶	'000s	26	23	23.3	20.2	22.45
Man-made fibres*	m. kgs.	46.13	44.33	44.31	63.9	59.48
		Mar.	Feb.	Jan.-Mar.	Mar.	Jan.-Mar.
TV sets‡‡	'000s	202	234	248	269	282
Radios, radiograms‡‡‖	'000s	362	301	356	383	468
Hosiery*	1970=100	89	91	88	102	97
Petroleum†	m. tonnes	7.22	7.23	7.59	8.92	8.40
Furniture†**	1970=100	150	153	150	144	134
Raw cotton (wkly. average)	'000 metric tonnes	1.96	2.13	1.97	2.55	2.09
		Feb.	Jan.	Jan.-Feb.	Feb.	Jan.-Feb.
Engin. (orders on hand)**	1970=100	126.0	127.0	126.5	136.0	135.5
Machine tools†	£m.	25.1	23.0	24.05	18.3	16.7
Elec. cookers† f	'000s	77.0	80.2	78.6	64.4	63.9
Washg. mchns.†	'000s	85.9	83.9	84.9	75.7	73.6

	Unit	1975 Jan.	1974 Dec.	1974 Jan.	1974 Jan.-Dec.	1973 Jan.-Dec.
Raw wool§	m. kilos	8.9	7.7	8.7	9.4	10.4
		1st qtr.	4th qtr.	1st qtr.	Year	Year
Consumer spending	£bn. 1970 values	9.126	9.010	9.346	36.607	35.789
Motor trade turnover	1967=100	243	209	186	207	192

	Unit	1974 4th qtr.	1974 3rd qtr.	1974 Year	1973 4th qtr.	1973 Year
Bldg. and civil engineering	£m.	2,623	2,667	10,229	2,372	8,984

*Production. † Deliveries. ‡ Net sales. § Consumption. ¶ Great Britain, not seasonally adjusted. ** Seasonally adjusted. †† All manufacturing industries. ‡‡ Excluding car radios. ‖ Deliveries, U.K. made and imported sets. a Figures revised November, 1972, earlier figures adjusted. b Constituent changed January, 1973, to refer only to U.K. residents' sterling. c Revised May, 1973. d Prices linked to December, 1973. From October, 1974, onwards all 1974 figures and 1973 figures have been revised and fully rebased to continue on a full 1970 base. e From January, 1974, figures were calculated on 1961 base series. f Including cooker griller toasters.

FINANCIAL TIMES REPORT

Thursday June 19 1975

THE NORTH EAST

It would be a mistake to believe that the North East is now on the road to a complete recovery but answers have been found to many of its once seemingly incurable problems. However, the area is still vulnerable to any further slowdown in the national economy.

Decline halted, morale boosted

THERE HAVE been times when the North East seemed one of the most incurable problems in Britain's socio-economic structure. The tale of woe that came out of this troubled corner of England was spelt out by unemployment statistics consistently double the percentages in other parts of the country. The region's miners, steelmen and shipbuilders were losing their jobs at an alarming rate and in numbers that new industry could never absorb. The related social problems were compounded by bad housing, serious environmental problems, and a general feeling of depression that affected the morale of all.

It would be a mistake to claim that all that is over, that there has been a magnificent transformation, just as it would have been a mistake during those decades to paint only the black picture. Even if it does represent a recovery, the unemployment figure is still 50 per cent. higher than the national average, and the North East still has its black spots.

However, a whole series of *factors* that contributed to the region's demise have started to come right. In coal mining, for instance, where 100,000 jobs *have been lost in just 15 years*, there is quite a new atmosphere. Not only has the decline halted in the region as a whole but mining recruitment has shown a dramatic increase. heavy capital investment programmes are underway, particularly in the rich coastal mines, the technology of mining has moved ahead rapidly and morale is running high.

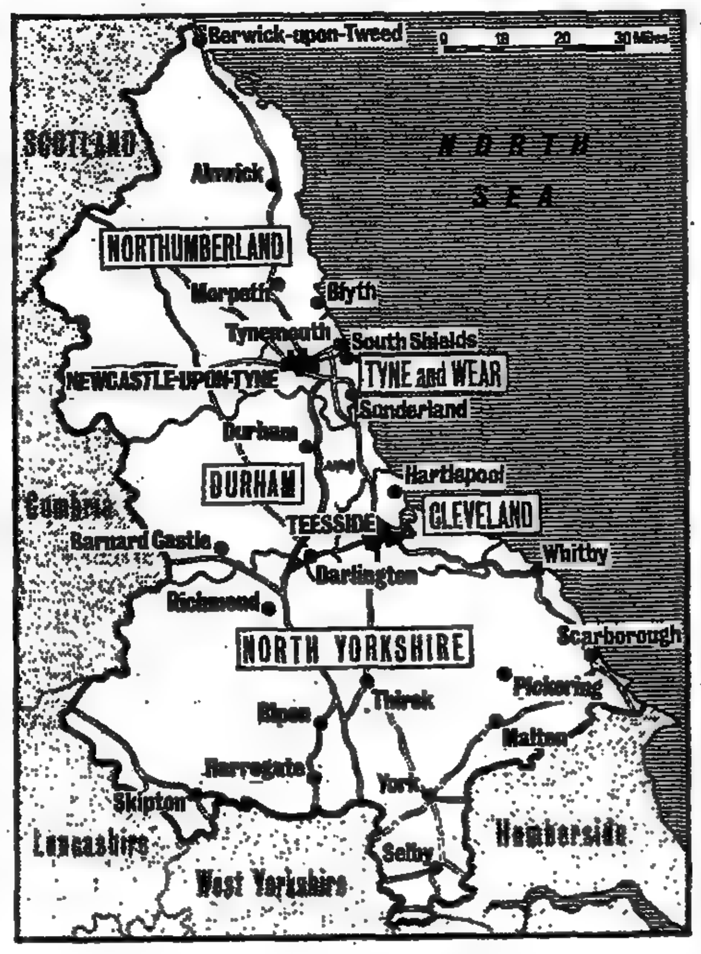
Coal mining is still the North East's *biggest business*, with 37,000 miners, and morale has undoubtedly been helped by coal's restoration to its place as the chief source of Britain's energy and a wage scale that has made the miners top earners.

In steel, too, the rundown in numbers employed has been offset by the choice of the North East as the site for BSC's major new development in its long term strategy for a new structure and although jobs are still to be lost, the new Redcar complex will create others.

The shipbuilders are also reinvesting in their industry, they have long order books and are sufficiently diverse to ride out the fluctuations in world *shipping demand*. Of the other huge employers, the region's petrochemical activities, mainly *centred on Teesside*, continue to receive heavy capital investment.

A few years ago, it was a fairly universal view in the North East that the advent of North Sea oil development and the amount of *heavy engineering*, ship repairing, and service work that would spin off from it would be the great answer to the region's problems. That has not proved to be the case, at least not yet, and looking back there are those in the region who now see that view was a microcosm of the general *British* attitude to North Sea oil: "We'll be all right when we've got that behind us."

That *is* not to belittle the impact of North Sea oil on this part of the world, neither does it devalue the importance of an industry that has helped to diversify the industrial base. However, the main reason why in the eyes of the rest of the country this was a depressed area was because of the numbers of unemployed. The choice of regions for Special Development or Development Area status has much to do with unemployment figures. On this basis, North Sea oil-related industry cannot be said to have *eaten into the* unemployment figures very much, though it has certainly helped. As things have turned out, Scotland has taken much of the North Sea cake, though the North East does have its eye on its own offshore reserves of coal, and is aware of the need to build a technological base.



Changes

It has been recognised for a long time that the North East's morale problem would have to be cured along with its economic and unemployment problem. For Charles Herzberg, the Department of Industry's Regional Industrial Director for the Northern Region (which includes Cumbria, as well as the more strictly North East counties of Northumberland, Durham, Tyne and Wear, and Cleveland), the physical and psychological changes are as important as one another. Mr. Herzberg, who returns to industry next month after three years in the job, describes those three years as "the most satisfying in my adult life."

One of the things he feels he has helped to do is assist in the rebuilding of morale. "People had started to become accustomed to rundowns," he says. "*They overlooked what had been done on the positive side.*" He points to the Tees, for instance, where he estimates £1,500m. has been committed in the last two years: "I challenge anyone to show me an area of such a few square miles in Europe where that has happened." Yet, he says, the people were suffering from an inferiority complex. Gradually pride has been restored.

On the other side of the coin, Teesside has also been described as "an ecological disaster area" and certainly the huge developments, particularly in chemicals, have brought their environmental problems.

In terms of quality of life for the people of the North East, they always have had a great contrast between appalling industrial squalor and outstandingly beautiful countryside. The three great waterways of the Tyne, Wear and Tees that form *the industrial base together* with the rather more scattered coal mines, contrast sharply with "the four moods of Northumbria" highlighted in the tourist guide covering the area. The gentle tranquility of Teesdale, the majestic cathedral city of Durham, the sparse moors and the superb coastline of Northumberland, contrast completely with the petrochemicals of Teesside, the shipyards of the Tyne and the subterranean darkness and dust of a coal mine.

The North Easterner has *become used to these contrasts*, and is in a curious way "close to nature." He has a history of working in the worst possible conditions in the bowels of the earth and coming out to the glare of a bright sun enveloping the countryside around his village. This coal mining history gives the North Easterner his special resilience and tough charm, his respect for other men, and his slight *suspicion of the stranger who* may not quite understand this communion.

Charles Herzberg regards this character as one of the North East's great strengths. Although there have been great problems in redeploying miners, because their very special skill is a non-transferable one, the new diversities in North East industry *have benefited from an inflow of* ex-miners. In a practical sense, they are used to three-shift working, which is a great advantage in itself. But Charles Herzberg takes it further than this. "They have spent their lives fighting nature," he says. "This gives them a special quality." He has found that miners, and for some of the same reasons former steelworkers, make excellent plant operators. They are of an independent nature; they react to situations on their own intiative, and are loyal and cheerful.

Restored

If and when as near full employment as possible is restored to the North East, with the capital investment that is going on now, and the full deployment of this high quality labour force, *this should be an industrial* centre second to none.

However, it is a little early to be carried away in euphoria by *the* undoubted successes. There are some black spots, and some of them will get worse before they get better. One of the bottlenecks in the process of North East recovery is the problem of retraining for redeployment. The retraining agencies have tackled the job aggres*sively, but it takes time.*

One of the most worrying problems is the number of school leavers who are not getting jobs. School leavers will always suffer, it seems, in an area of labour reduction, particularly at a time of economic recession. *It is a problem, in* morale terms, *somewhat worse than redundancy and unemployment.* The school leaver is at a crucially sensitive and critical period in his life. A severe setback at this stage can affect his morale for a long time.

Perhaps surprisingly, the coal mining industry is coming to the rescue to some extent in this *problem area. The total North* East intake of mining and craft apprentices will be more than 700 this year — 200 more than last year. It is heartening for the region to see school leavers going—and wanting to go—into mines, as well as the number of ex-miners being attracted back to the pits.

Signs

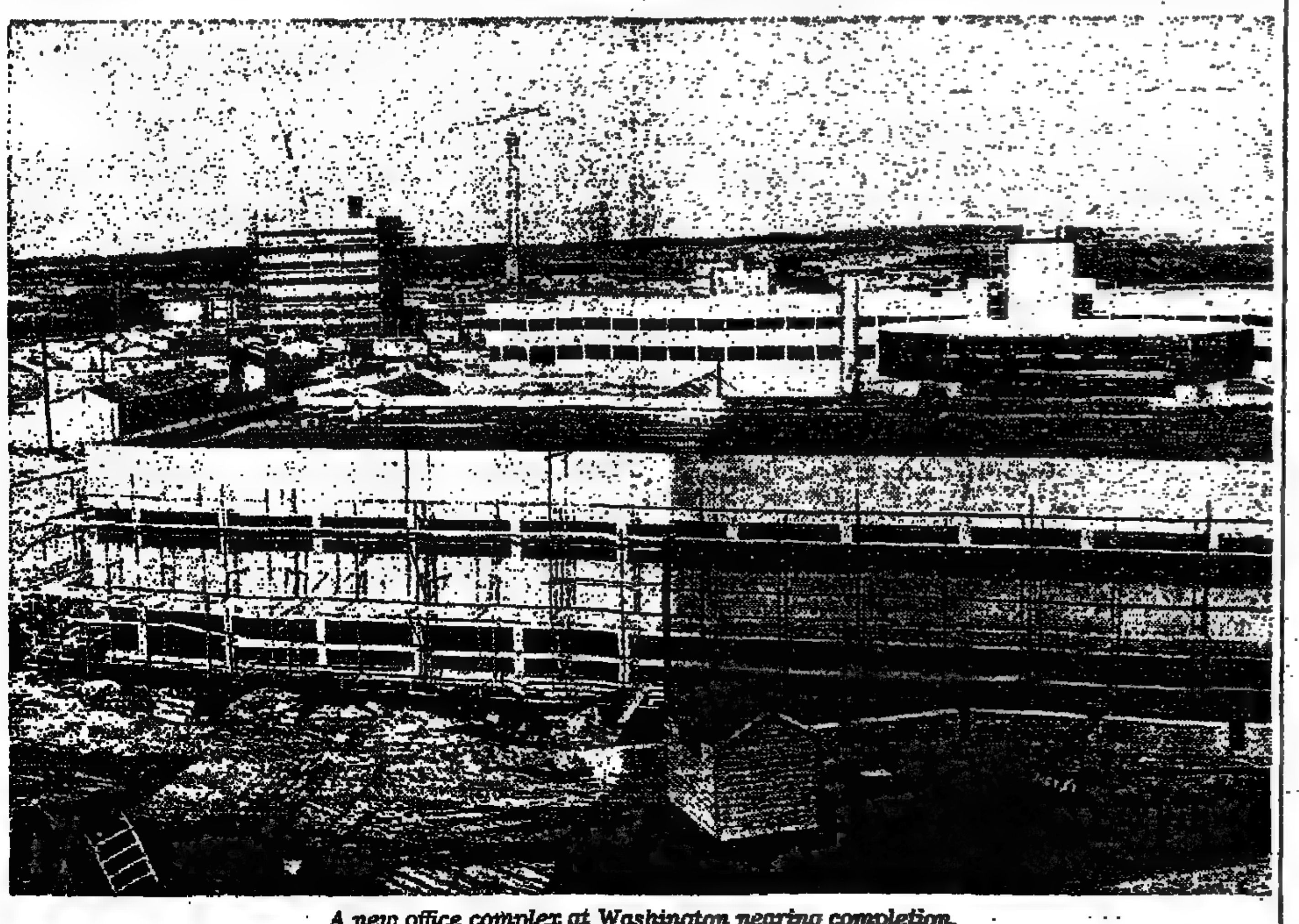
Another of the really encouraging signs for those who have been watching the progress of the North East has been the way the region's economy has held up in the last 12 months or so. Significantly, too, the North East's rate of unemployment increase has been *lower than for the country as a* whole over the past year. That really means something in this area, for times of recession really test a regional policy.

It can be said, of course, that because of the type of industry in the North East—the older extractive and smelting industries, and the long-order-book shipbuilders and power station suppliers for instance — recession takes longer to work through in an industrial area like this. That does mean, though, that if the decline is reasonably short-lived there may not even be a hiccup later on. Part of the region's ability to ride the storm is connected with the tremendous increase in its export effort spurred by organisations like the North of England Development Council.

In the long, hard claw back to full employment and prosperity, the North East has had to try for balanced improvement—industrial expansion and diversification without environmental damage; improvements in communications to balance the growth in trade; the preservation of a way of life and what is best of the environment in the towns and cities while pressing on with the new towns and "green field" developments; and a balance between heavy industrial employment and service industry. The changing faces of places like Newcastle, Sunderland and the Teesside towns indicate these concerns.

The North East has come a *long way since the dark, desper*ate days of not so many years ago. There is light at the end of what has been an extremely long tunnel, and it would be a real tragedy if at this stage, because of a national decline of wider implications than the problems of the North East, the tunnel should suddenly become unexpectedly longer. Yet there are already fears being expressed about a slowdown, a withholding of investment, more than usual difficulties in export markets, and the cash flow problems that are a feature of the *crisis. The North East is still* vulnerable.

Hugh Colver



A new office complex at Washington nearing completion.

The opportunities from oil

IT HAS been estimated that for the last two years North East industry has benefited to the tune of £100m. a year from the development of the offshore oilfields and some 7,000 people are currently employed in the area in the manufacture of platforms, modules, and specialist equipment for the North Sea oil business. Perhaps another 2,000 people in the area are employed indirectly on offshore industry work, and some 400 companies have so far been involved.

Offshore oil support work, be it in manufacturing hardware or supplying services, is full of proud claimants to the honour of being the "first" to do something or having made the "biggest this" or the "biggest that." This part of the world is no exception. The first major oil production platform for the North Sea was made at Graythorp on the Tees where the second platform of the same type has just been completed, the first single buoy mooring system for offshore work was produced on the Tyne, and, of course, the first drilling operations started off Sunderland many years ago.

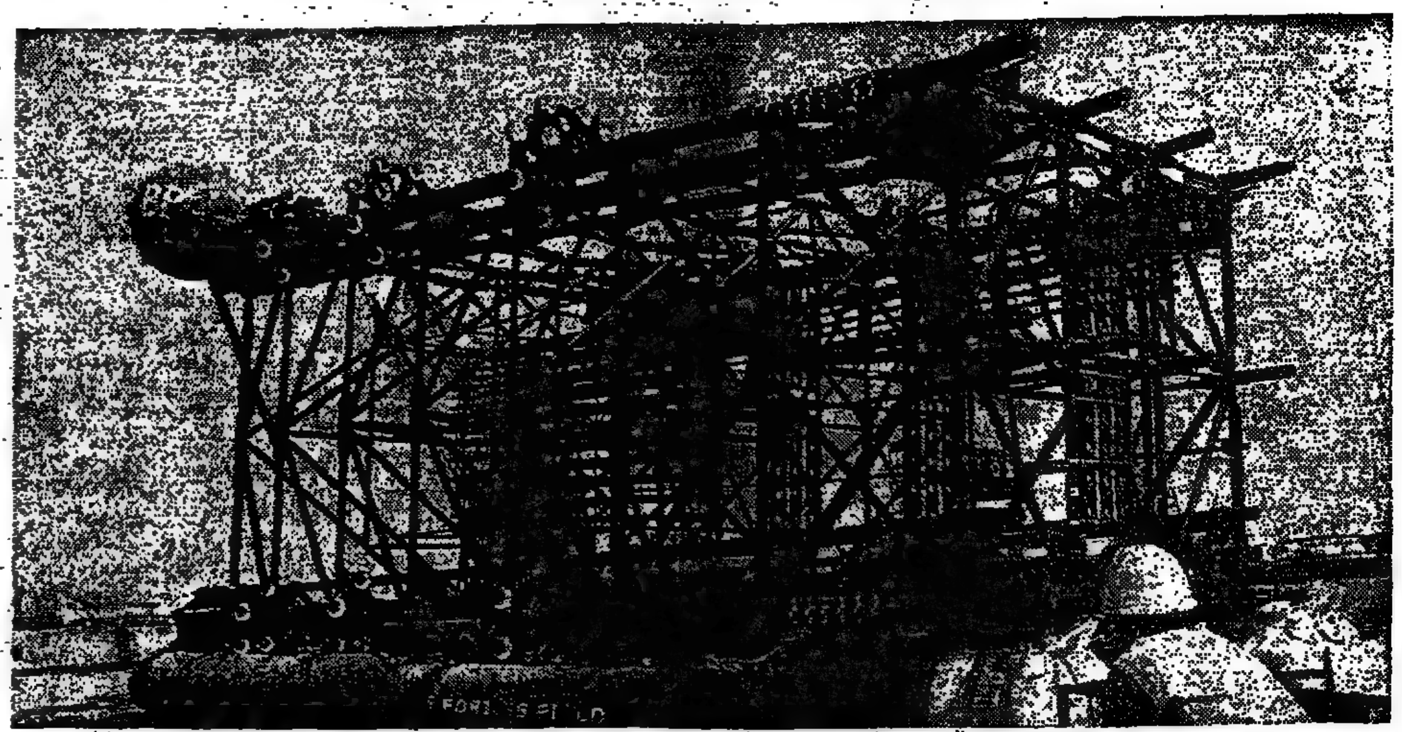
But for the North East there is something much more important than breaking records or being first in a field—offshore work brings money and employment.

There are great differences between North East industry's growth into this specialist field and that of Scotland. Whereas in Scotland the work has come as much from its geographic position as anything and most of the developments have started from scratch on "green field" sites, in North-East England, apart from a geographic position almost as favourable, offshore work was a natural extension of the area's traditional engineering and manufacturing skills and resources.

It would be wrong, though, to give the impression that offshore work has come to the yards of the Tyne and Tees as a bonus on top of all the other work. Certainly, within the established industrial community offshore work represents an alternative market for existing resources, but the truth is that in these specialist engineering sectors, and in the shipbuilding business related to the development, unemployment through contraction or modernisation was occurring and the offshore work came along at the right time to absorb labour that was becoming surplus.

The impact of the industry has not been felt, therefore, in the way it has in Scotland—and coincidentally problems such as a strain on housing availability have not been experienced in the North East because of the oil business. There has been a little strain in some highly specialist skill areas in terms of finding enough of the right men with the right skills, but generally offshore work is regarded as a normal extension of an industry that existed already. "It's not a bonus, though, it's a salvation," those involved will say.

Apart from having half the module capacity of the U.K., as well as the ability to build one major production platform every year, the Tyne/Tees area has become increasingly important in the specialist equipment sector, and has companies working on rig maintenance, others building drilling ships and repairing supply vessels and some providing services direct to the rigs—although generally the distances are too great for the day-to-day support services which are mostly based in Scotland.



Graythorp 2, a production platform for BP's Forties field which has just been completed ahead of schedule by Laing's yard on Teesside.

Landing

Apart from the engineering, construction and support elements, the North East also has a role as a terminal for the ultimate product of all this effort. Teesside is to be the landing point for the pipeline from Norway's Ekofisk oilfield, and Phillips are to expand their refining capacity to cope with this. It should be remembered too that Teesside has a huge petrochemical complex and so the means of conversion to, say, plastics or protein, are on the doorstep.

The companies involved in the engineering and manufacturing side of the business are led by Laing-ETPM at Graythorp. In a purpose-built yard on the Tees this company employs many more men than any other on this work in the North East. It has shared the manufacture of the large steel production platforms for BP's Forties field with a yard in Scotland—Graythorp 1 and 2 being built on the Tees, and the almost identical Highland 1 and 2 being built in Scotland. Graythorp 2, just finished ahead of schedule, will be followed on Laing's Graythorp facility by the even bigger Thistle platform.

Also on the Tees, at Darlington, Wessoe has a 30-acre site for the fabrication of legs for jackets, and the manufacture of modules. Wilson Walton Engineering is producing small jackets, modules, and carrying out offshore installation work, again from a base on the Tees. This concern converted the semi-submersible exploration platform Transworld 58 into a moored floating production platform, and has plans to go into the crane ship business.

Still on the Tees, Cleveland Bridge is developing a large site for the Thames barrage contract as well as various offshore module contracts; Robinson-RDL at Middlesbrough specialise in the making of accommodation modules, and Foster Wheeler and John Brown Engineering have a plant at Hartlepool making node pieces.

On the Tyne, William Press has one of the first module yards in the country at Wallsend; Williams Brothers Offshore (associated with the Charlton Leslie Group) also has a module site in the old shipyard at Wallsend; North East Coast Shiprepairers, a former Court Line company based at Hebburn that fitted out the Wimpey sea lab, is now converting a ship for the drilling role, and also build drilling ships; and Sunderland Shipbuilders, also a former Court Line company, is producing single buoy mooring systems as well as anchors for rigs and barges.

Bearing in mind not only the immediate benefits in terms of work for these companies and employment for the area but also the fact that offshore work will later develop into deep sea work, and the additional point that there are 600m. tonnes of coal off this particular coast, the North East is taking its offshore oil initiated industrial development extremely seriously.

There has been a notable co-operative effort between the industry and the Department of Industry, with Jim Mark, a Newcastle-based DoI Principal Technologist with special responsibilities for oil-related industry in the Northern Region, taking a lead in helping industry to gain the maximum possible from the opportunities. The Department of Energy and the Offshore Supplies Office have also been involved.

Research

The only regional committee on offshore technology was formed in this region last year to respond, as Jim Mark expresses it, "in a concerted fashion to the Working Party report on research and development in this field." The committee comprises heads of firms engaged in North Sea work in the region, and such people as naval architects and consultants. "We want to make an attack on the problem areas identified in that report," says Mr. Mark. The committee has formed its own working parties to look into particular research, development and marine engineering operations where the region might have a role.

These working parties are now on the verge of setting up a private offshore development company, on the initiative of the DoI, to concentrate on advanced technology in offshore work, the initial aim being to produce a tension leg platform system. The company idea—it will be a syndicate of many companies in the region providing complementary resources so that a total project can be handled internally—has received the blessing of the main committee and is now in the process of being established.

This kind of development indicates the serious attack being made on these new opportunities in the North East. Jim Mark sees the North Sea work being carried out at the moment as a training ground for the new deep sea technology that must follow. In his view, now that the region has established a firm foothold, "we must improve the technological base of the region's industry and give it a competitive position in world markets after the North Sea." For the North East, then, this is no "here to-day, gone to-morrow" bonus, but a new industrial opportunity that should create wealth, and jobs, for the region.

Hugh Colver

Slack market for property

ALTHOUGH IT is now evident that the North East is coming through the present recession a good deal better than expected, there are signs that some sectors, which were all right this time last year, are now beginning to feel the cold. Property is one of them.

Between 1973 and mid-1974 300,000 square feet of city centre office accommodation was taken up in Newcastle alone. Rents were between £1.60 per square foot and £1.80 and at that time thought to be rising. Another 300,000 square feet of office and shop accommodation was well on the way to completion a year ago and demand appeared to be holding up.

Things have clearly changed. There are currently 250,000 square feet of office accommodation available in Newcastle, and according to the prominent North East estate agent's, Storey, Son and Parker, demand is very slack. Most of it still appears to be coming from local authorities but since they are under pressure from both Government and ratepayers to cut expenditure it is uncertain how long this demand will continue. Much will depend whether they decide to go on recruiting staff. There are apparently in the North East many posts created under re-organisation which still have to be filled.

Offices

A year or so ago there was hope that the efforts of local authorities and the North of England Development Council to attract service industries would maintain demand for office accommodation in the main centres. It was also hoped that the development of North Sea oil would mean that more companies would establish offices in Newcastle. So far there are no signs that these trends have developed significantly, at any rate in Newcastle. The position is slightly better on Teesside and many firms connected with the oil industry have opened offices there. Modern office accommodation, in spite of city centre redevelopment, in Middlesbrough is getting hard to come by.

Much of the demand in the North East in the last two years has been from companies moving out of older premises into more modern accommodation.

Deloittes, the chartered accountants, recently took over the whole of Hadrian House, a new block of 44,000 square feet in Higham Place, after leaving their offices in Grainger Street. But as city centre redevelopment programmes proceed this demand for accommodation is tending to dry up.

Major developments currently going ahead in Newcastle include a 100,000 square foot block in a very steep cobbled street running past Newcastle's ancient keep called "The Side." Another is on the site of the old Town Hall where Centros Investments are building a block of 60,000 square feet. Both of these are likely to be completed by April next year and it is expected that rents will range from £2.00 to £2.50 per square foot. Accommodation is also currently available in the Norwich Union building in Westgate and Douglas House, which is being built by London and Overseas and providing 50,000 square feet at £1.50.

No other major developments are likely to get off the ground in the foreseeable future and in Newcastle it is felt that if building costs continue to rise at their present rate, rents will have to rise to about £3.50p per square foot before office development really gets moving again. For Newcastle that is a high rent and immediately raises a question mark over future demand at that price. As the differential between London and the provinces narrows the incentive for firms to move out of London and the South East will diminish.

The market for industrial land has also fallen off particularly in the private sector. Although modern factory accommodation is available for about £1.50p per square foot and for large developments as little as £1, the private estate developers are having less success than previously in finding takers.

New industry is still coming into the North East but most of it seems to be drawn to the new towns, like Washington and Cramlington. If the visual evidence is anything to go by Washington seems to be doing particularly well at the moment with several major factory developments in progress as well as a number of smaller ones. Phase II of the new town's project at Wear, where factory accommodation is being provided for secondary manufacturing and precision engineering companies, development is also going ahead.

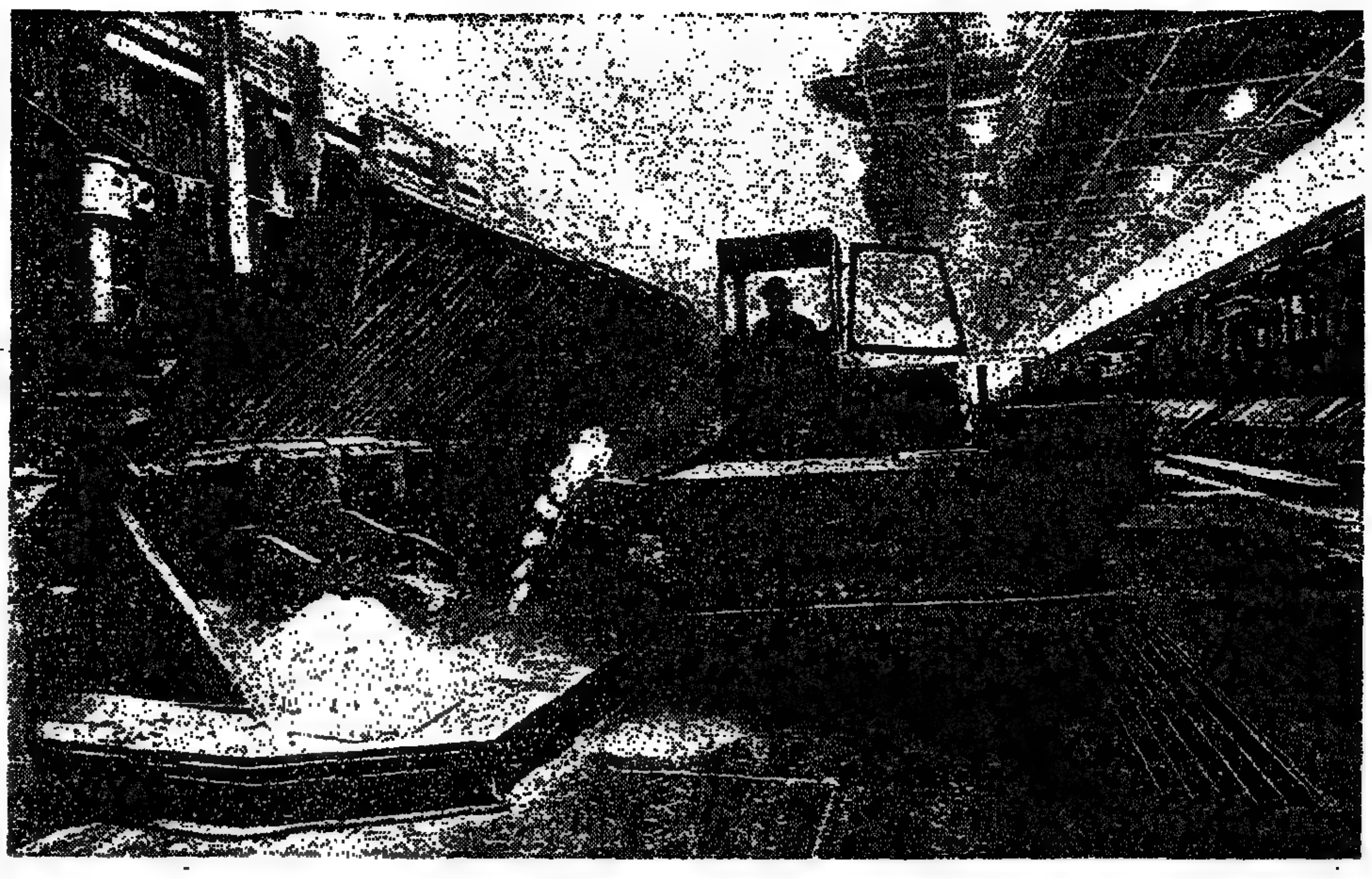
Much of the demand for industrial property which does exist at the moment in the North East, is for warehouse accommodation. The development of a first class road system over the last few years is clearly a major factor in this demand. The North East is now a good location from which to distribute goods on a fairly large scale.

The market in shop accommodation in the North East presents a somewhat different picture. In the words of one estate agent: "It is one of 'fantastic' lack of supply." There are a number of reasons

CONTINUED ON NEXT PAGE

THE NORTH EAST III

A broader industrial base



Alcan (U.K.) Ltd.'s aluminium smelter at Lynemouth, Northumberland.

THE NORTH EAST has been the subject of special Government assistance since the 1930s: the help going to both industry and local authorities. In that time successive Governments have nurtured one of the most highly developed systems of Government aid seen anywhere. The amounts of money involved have been enormous and increasing year by year. The system has been extended by further legislation from time to time and has gradually become more sophisticated and all-embracing. One day, it has often been said, the money will come back—the loans through repayment, the grants through taxation.

The visible signs of this long and expensive effort are there for all to see. The basic industries are at or near the end of their decline, there is heavy capital investment in coal, steel and engineering, shipbuilding order books are full, new industries have blossomed in new towns and on the older, previously rundown, industrial centres, the infrastructure has been greatly improved, the ports have expanded their trade, the service employment opportunities have been increased.

For Charles Herzberg, Regional Industrial Director for the Department of Industry, it is the catalytic effect of regional policy that is important. "We don't actually create anything," he says, and points out that while many people talk about bringing industry to places like the North East there is actually very little mobile industry about. "Grow them in their own seed boxes," is a principle that Mr. Herzberg and his predecessors have adopted. Part of the regional policy rule in this is the "shaking out" of marginal projects, or of those held up by cash generation problems. The heavy involvement of the banks, many of them making their regional headquarters in Newcastle, has been a key factor in this.

There have over the years been great changes in the industrial structure, and not just because, for instance, incoming firms have provided 10,000 new jobs over the past five years. There has been significant growth in new branches of industry, like pharmaceuticals, and while some of the more traditional heavy engineering has declined, engineering, both electrical and mechanical, and a good deal at the lighter end of the industry, has taken on a quite new importance. The area has become well-endowed with technical institutes, and there has been a resultant boost to the high technology industries. Consumer durables have a significant share in the economy too.

Chemicals

Of the really big employer industries chemicals now ranks high. Here is an example of an industry that has been in the North East for a long time, but has blossomed to giant proportions in recent years. Teesside is now a huge petrochemical complex by any standards. ICI alone employs 25,000 people in the North East and expansion plans running into hundreds of millions of pounds are in progress. A new 500,000 tonnes a year naphtha cracker is due to be commissioned by ICI and BP Chemicals in 1977. Further work is being done on staple fibre and polypropylene plants, and a new 300,000 tonnes a year ammonia unit is in progress. The presence of all this raw material creating industry must be regarded as a boost to the growth of customer firms, too.

Apart from that, though, the chemical industry is showing itself to be rather more labour intensive than some imagined. People have tended to say: "We want jobs, not chemical works." But while, admittedly, the output per operative is extremely high, the number of white collar workers per operative is also high. Apart from this there is the diverse nature of the chemical industry and the difficulties connected with shutting down, factors that lead to job security.

Petrochemicals is a "womb to tomb" business, involving everything from pesticides to plastics to man-made fibres. If one sector is in decline, the chances are the others can compensate. Job security is also ensured by the fact that it is often cheaper to keep a plant running and build up stocks than shut it down and become involved in the cost of recommissioning.

Apart from chemicals and the other basic industries that form the backbone of the region's industrial life there is a good balance between newly attracted and expanded industry. To take a few examples from last year's moves, a clothing manufacturer, an automotive components company, and a contract machining plant moved into Cleveland County; a rubber plumbing fittings business and a pipeline company moved into Durham County: glass and bar manufacturers for the construction industry, industrial lubrication equipment makers, and a thermostat manufacturer moved into the Newcastle area. Elsewhere in Tyne and Wear, Sunderland saw the arrival of an industrial pipework company, and Washington welcomed a supplier of components to the electronics industry, a coin machine workshop, a conveying equipment manufacturer and a plastics company.

In Northumberland, Cramlington saw the arrival of companies in a wide variety of businesses: thick film microcircuits, electrical varnishes, acoustic insulation, and double glazing, for example.

Expansion of existing activities has concentrated particularly in the engineering field, with work connected with the North Sea oil developments high on the list. Apart from this, though, Hartlepool, which is soon to lose more steel jobs, is gaining a refrigerator factory and an increase in electric plug manufacturing which helps to bring more jobs, and elsewhere expansion has been heavily weighted towards petrochemicals and a great variety of light engineering activities.

A factor that is likely to affect the pull on industry in the future is the increasing importance of the ports, particularly in view of Britain's confirmed EEC membership. There are clear signs that the traditional flow pattern of British trade north-south is veering round to the east-west axis. North-east coast trade used to be confined to coal, with pit props and paper coming from Europe. Nowadays the east coast boasts no fewer than 28 roll-on/roll-off services a week to Europe, and the North East sector is playing its part. That must have an impact on industrial development, and the diversity of it.

For the Department of Industry people in Newcastle, though, there are still many areas where the pressure has yet to be put on. This region, for instance, is not immediately thought of as a major meat producer, yet it is. It is thought that too much meat goes out of the region "on the hoof," and there is scope for more processing plant and freezing works.

Report

Of great significance is the extent to which foreign companies have started to become interested in developing industrially in the North East. The North of England Development Council report that of 1,800 inquiries received in the last year from industrialists interested in the Northern Region, no less than 33 per cent. were from overseas companies, and these chiefly American or Japanese. One success is that the Japanese ball bearing giant NSK is to establish its new European base in the new town of Peterlee.

The North East, through the influence of direct Government regional policies over many years, and through the connected catalytic effect, has created a broader industrial base that is being strengthened by the introduction of new people, a new management style, and a new attitude of faith in the future—a faith that is most encouraged by expressions of confidence from outsiders.

Hugh Colver

Property

CONTINUED FROM PREVIOUS PAGE

for this. One is that the North East generally has lagged behind the rest of the country in providing shop accommodation. The Eldon Square scheme in the centre of Newcastle, which will provide the city with a hundred new shops, has met repeated delays over the past few years but is now proceeding fairly rapidly and should be completed by the end of the year. This, it is believed, should ease the situation to some extent. The new development in Eldon Square is expected to attract not only retail companies already established in the North East, but a good many newcomers from outside, among them Habitat. Since shops are responsible to a large extent for stimulating demand, giving currency to new ideas and fashions and generally raising levels of expectation, the Eldon Square scheme could have far reaching effects, economically and socially, which in the long run could further stimulate demand for the shopping facilities which the North East has lacked so long.

Rents

Rents for shops in Newcastle are among the highest in the country outside of London. In Northumberland Street they can be as much as £30,000 or £35,000 per annum for a standard unit of 20 feet by 50 feet. One explanation for this is that Newcastle has few competitors as a shopping centre in the whole of the North East.

Things are changing slowly as towns like Sunderland, Middlesbrough and Thornaby extend their facilities. These towns all have new shopping centres which have proved very successful. A small development comprising about 20 shops is nearing completion in Durham City.

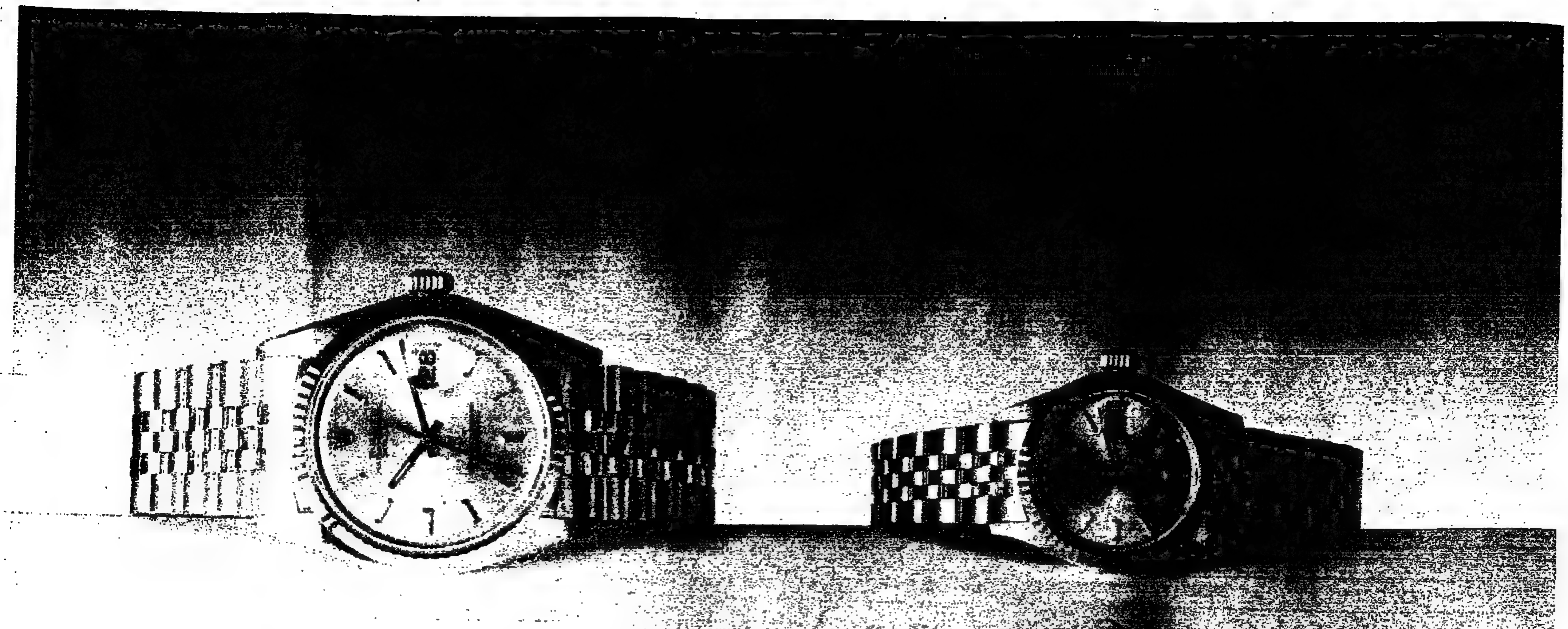
It seems unlikely, however, that these developments will have any marked effect upon the level of shop rents in Newcastle in the foreseeable future, for while there have been a number of highly successful shopping precincts developed in recent years there have also been a number of comparative failures. One in Gateshead has been completed for about eight years and is still not completely occupied. At Killingworth new shops have failed to come up to expectations largely, it is thought, because the population of the new town has not yet reached the right level. At Benwell, to the west of Newcastle, only 75 per cent. of the shopping development has been let. The tenants have actually suffered from competition from older existing shops.

Housing

The housing market has begun to show signs of improvement in the last few weeks. According to Bernard Thorpe and Partners who are well represented in the North-East, houses at the cheaper end of the market, up to about £14,000, are selling very well. So are houses upwards of £25,000 in towns like Hexham and Morpeth which are now favoured by professional and executive commuters. Even the more extravagant houses above £50,000 are reported to be selling well. This may be because there are comparatively few houses in these categories in the region, although in the last three or four years developers have been trying to make good the deficiency.

Houses between £20,000 and £25,000 in suburbs like Gosforth and Jesmond are generally not selling. The feeling is that the desire to live close to work is giving way to a preference for living in the country. Commuting was something almost totally foreign to North-Easterners until recent years. This changing pattern may well be the result of the influx of newcomers, professional and executive people who have come in with new industry in recent years.

James Nicholson



The case of the Rolex Oyster for men is the strongest watch case that has ever been made. It is carved out of a solid bar of gold, platinum or stainless steel, in a series of 162 separate operations.

The result is a case which contains no seams that could allow water, dust or dirt to get inside.

The Twinlock Winding Crown works very much like a submarine hatch, actually screwing into the case, and is internally sealed for extra protection.

But first, the rotor self-winding movement has to be proved fit and ready, so it is sent to the Institute for Official Chronometer Tests. No watch can be called a chronometer unless it has passed these strict tests.

Although the Rolex craftsmen produce only a fraction of the annual output of Swiss watches, Rolex have won nearly half of the Chronometer Certificates ever awarded.

So you will appreciate that when case and movement are united, the finished Rolex Oyster for a man is a very fine chronometer indeed.

The case of the Rolex Oyster for women is the strongest watch case that has ever been made. It is carved out of a solid bar of gold, platinum or stainless steel, in a series of 162 separate operations.

The result is a case which contains no seams that could allow water, dust or dirt to get inside.

The Twinlock Winding Crown works very much like a submarine hatch, actually screwing into the case, and is internally sealed for extra protection.

But first, the rotor self-winding movement has to be proved fit and ready, so it is sent to the Institute for Official Chronometer Tests. No watch can be called a chronometer unless it has passed these strict tests.

Although the Rolex craftsmen produce only a fraction of the annual output of Swiss watches, Rolex have won nearly half of the Chronometer Certificates ever awarded.

So you will appreciate that when case and movement are united, the finished Rolex Oyster for a woman is a very fine chronometer indeed.

It's just smaller, that's all.

ROLEX
of Geneva

If you would like to write to us for an Oyster catalogue, we will tell you the name and address of your nearest official Rolex jeweller
Rolex, 1 Green Street, Mayfair, London W1Y 4JY.

GOLF: THE U.S. OPEN BY BEN WRIGHT

Nicklaus the favourite on a tight course

CHICAGO, June 18.

MANY OF those who have lingered in the shadows cast by the strangely minoretted monument of a clubhouse here overlooking Medinah Country Club's No. 3 course in the last few days have pronounced that it is not the type of lay-out upon which Jack Nicklaus is likely to win the U.S. Open championship over the forthcoming week-end.

When analysed carefully, such a statement can be written off as so much nonsense since a man who has won 15 major championships and many other big tournaments around the world is certain to have triumphed on many courses that not even Nicklaus himself would consider tailor-made for his remarkable game.

Claustrophobic

The cocktail hour experts base their theory on the fact that this superbly prepared course, which meanders through a great forest of giant oaks and is liberally sprinkled with water hazards, is claustrophobically narrow.

At 7,032 yards, par 71, it is also longer than most courses chosen by the United States Golf Association for its premier championship, but length is hardly a factor in relation to Nicklaus's chances. His long iron shots are longer and straighter than the drives of many of his rivals.

What will be a factor over the next four days will be the pace of Medinah's brutally shaved and undulating greens which, if the chairman of the greens committee achieves his ambition, will be as slick as, or even glassier than, those which caused scores to soar over par at Winged Foot in last year's championship. In short, Medinah No. 3 is not a course for the faint-hearted. The rough is tortuous, the driver a club that will be sparingly used.

In such circumstances one hardly needs to look beyond the great names of golf to find a possible winner — unless someone is capable of hitting a golf ball with hitherto unrevealed and unrelenting accuracy. Only about 20 of the 150-odd starters have a chance of winning a title that was last contested and won here in 1949 by Dr. Cary Middlecoff.

Medinah means "the sacred city of the Mohammedans." The club was founded in 1924 on the banks of Lake Kadijah, and the clubhouse a replica of the Medinah Temple in Chicago's city centre 20 miles to the east. The occasional mobster infiltrated his way into its inner sanctum in those early days, but did not survive long. Tommy Armour, the legendary "Silver Scot" who was to finish his life in a similar position at Winged Foot, was for many years the club's head professional.

A monster

Television cameras will attempt to cover the last nine holes, a colossal assignment on such a tree lined course. This is where the championship will be won and lost in the final palpitating hours of Sunday afternoon.

Three of the final nine, the monster 583-yard 10th, the 402-yard 11th, and the testing 453-yard 13th, are dog-legged to the left. Only the 16th green is not heavily bunkered, but there is water on the right at this 452-yard par-4 hole just as it does at the next, the 220 yard par-3 17th. Many players will use the driver as few as two or three times over this dauntingly narrow finishing stretch.

So who will win? Nicklaus has the chance to join Willie Anderson, Bobby Jones and Ben Hogan as the only four-time winners. As usual he is the automatic favourite, but perhaps more realistically so than ever since his glorious performance in winning the Masters.

Those who oppose him cite the example that only two of his 15 major championship victories have been in the past three years and 13 starts. But there has been a growing maturity in Nicklaus's majestic game of late, notably with his once-weak driver and wedge. More important, there has never been a better putter under pressure.

Johnny Miller, the man of moods, is capable of winning anything when the fancy takes him. But moods are hardly the most reliable credentials for winning a U.S. Open, and Miller's inspiration, which can produce golf of glittering brilliance, has been absent lately.

At 45, Arnold Palmer is still a good each-way bet, if only because he now drives so well and straight. He has been in the top ten 12 times in the last 20 years and has finished third, fourth and fifth in the last three. But once again, the pace of the greens is likely to thwart him in his bid for only a second victory.

Following my story of Gary Player last week, I was pleased to read his letter of gratitude penned in Charlotte to Claude Harmon for the telephone lesson to which I referred. In the letter Player declares simply that "I am on my way now to win the Open." There is no doubting Player's determination to do so. There is also little doubt that the South African's game has lacked a lot of its authority of late.

Billy Casper and Lee Trevino have the pedigree as have my each-way selections of last week, Gene Littler and Hale Irwin. Trevino's record, until he failed to survive the cut last year included two victories in the past six, and some near misses. But he is so rarely chirpy and so often at odds with himself and the world that he may not appreciate so many left-handed dog-legs.

Impressive

Casper and Littler have been there before, and their form recently has been quietly and solidly impressive. No one has won two consecutive U.S. Opens since Hogan in 1950 and 1951, a fact which can be interpreted for or against Irwin's chances. But no one can question his form.

A 6—4 winner always better than a 33—1 loser, but Nicklaus is too short-priced for me in such a talented field. Although I think he will win, I am sticking by my each-way fancies for the veteran Littler and the bespectacled Irwin.

FT CLIPPER RACE BY ALEC BEILBY

Australian entrant fights to get here

THE CREW of the ketch Anaconda II, which will carry Australia's flag in the Financial Times Clipper Race, have almost lost sight of the race itself in the struggle to get her to Britain in time for the start at the end of August.

Her owner, Josko Grubic, was extensively injured when he fell during the launching ceremony last month but discharged himself from hospital to continue preparations aboard the yacht.

Originally, she was to have sailed to Europe via the newly reopened Suez Canal, with special permission from President Sadat. But it was then realised, as time ran out, that she would have to make the voyage as deck cargo aboard a container ship to meet the starting date of the race.

Amidst these changes of plan, Grubic was readmitted to hospital but not before he had cabled the race organisers that Anaconda would be at the starting line.

Now the problem has become a financial one, as the cost of shipping an 83 ft. yacht aboard a container ship is assessed against the number of containers displaced by a cargo of this size. In the case of Anaconda it is estimated that she will take the space otherwise occupied by 15 20 ft. containers.

Overseas Containers Limited have a ship leaving Melbourne at the week-end, and are reported to have offered help towards getting the yacht to Britain.

Certainly, it will come as a great disappointment to Australian yachtsmen if their first-ever entry in a race of this sort is unable to compete for the full distance from London to Sydney and back.

Amid all these problems, one member of the Anaconda crew faces additional worries of his own. Tom Morris, a 30 year-old sales manager from Sydney, has already left his job, let his flat and has arrived in England to be ready for the race.

PRUDENTIAL CUP CRICKET BY TREVOR BAILEY

Gilmour sweeps Australia to four-wicket victory

AUSTRALIA BEAT England by four wickets in the semi-final of the Prudential World Cup, a margin which was considerably narrower than it looked, because at one time the tourists were 39 for 6 and appeared to be crashing to a sensational defeat.

They were rescued by a rearguard action conducted by the experienced Walters and young Gilmour, who had a story book game, top scorer with 28 not out and the main wicket taker.

However, this absorbing, low-scoring contest was lost by indifferent English batting. They only managed a total of 93, when around 150 was par for the course on the day. Their attack responded nobly, but they simply did not have sufficient runs to bowl against.

In overcast conditions, Ian Chappell with an all-seam attack had no hesitation in putting England into bat. The ball was bound to move around and did, yet even the most optimistic Australian could hardly have expected the completeness of the rout that followed.

The most remarkable feature was that the chief destroyer was not that feared pair, Lillee and Thomson, or even the rightly-respected Walker, but Gilmour, who was not even included against the West Indies.

He bowls left arm over at a lively fast medium pace. What worried the batsman was his ability to move the ball sharply back into the right-hander.

Lillee opened with a sharp first over and in the second Gilmour twice beat Amiss and also struck him unsuccessfully on the pads. In his next Gilmour gained the first of his four LBWs when he dismissed Amiss for two. This started a procession. He comprehensively yorked Wood, had Greig superbly caught behind, trapped Hayes LBW, offering no stroke, beat Fletcher, who had hung around without ever suggesting permanence, and in the next over accounted for Knott.

By this time England were 35 for 6 and the left-hander had taken them all. His final figures were 12-6-14-6. This was an outstanding piece of bowling, but it also must be admitted that the English batting was depressingly anaemic.

Walker and Lillee each took a wicket before lunch, when England were 66 for 8 with Denness 23 not out.

After the interval the England captain was bowled and Arnold with some unintentional and some genuine shots became the second top scorer. England were eventually all out for 93 off 36.2 overs and Ian Chappell did not require his fifth seamer.

The Australians began quietly against Arnold and Snow, but there was less playing and missing than during the English innings, so that it came as something of a surprise when McCosker departed LBW to Arnold at 17.

However, Snow had now moved into top gear and proceeded to remove the Chappells in successive overs. At the other end Old, who had taken over from Arnold, produced an inspired spell in which he clean bowled three men in eight balls so that England was suddenly in with a chance.

Unfortunately this proved to be their last success as Walters and Gilmour saw them home. At 78 the latter was put down at slip, but the real turning point was Gilmour's driving whenever the ball was over-pitched, and, though it was Walters who scored the winning run, it was unquestionably Gilmour's match.

● The pitch came in for much criticism afterwards. England captain Mike Denness said: "It was certainly strange to play again on the wicket used 10 days earlier for the opening match of the competition between Australia and Pakistan.

"It had not been watered and the grass had been allowed to grow. I am not complaining, but I think a better wicket should have been prepared."

Ian Chappell supported Denness, saying "It seamed all day and the bounce was uneven, more balls staying low than coming through high. Hence the number of lbw's."

Joe Lister, the Yorkshire secretary, also supported Denness.

England 93
Australia 94 for 6

Siege Group auction on June 26

By John Trafford, Property Editor

THE SIEGE GROUP property development company, half owned by Wilstar Securities, parent company of the failed Stern property group, has chosen June 26 for the auction of its entire portfolio of 39 properties.

The sale, to be held at the Grosvenor House Hotel in London, is expected to draw a large number of bidders and will indicate the health of the property investment market.

Mr. Peter Davies, managing director, said yesterday that the company did not expect to be able to dispose of the whole portfolio at the auction, although acceptable offers had been received—and deferred—from a number of parties.

The auctioneers, Knight Frank and Rutley and Allsop and Co., talked yesterday of completing the sale of the entire portfolio within two to three months of the auction. Both Siege and the auctioneers are, however, aware of the problems of selling many of the properties which were bought at the height of the property boom for their redevelopment potential.

NHS criticised by Ombudsman

FINANCIAL TIMES REPORTER

THE Health Service ombudsman, Sir Alan Marre, has upheld complaints in more than half of the 128 investigations he has carried out in the first full 12 months of hearing patients' grievances.

His report, published yesterday, included strong criticism of the Health Service in certain cases, although more than half the 612 complaints made to him were regarded as outside his jurisdiction.

The Health Service Commissioner's first report, issued six months after he began the job in the autumn of 1973, was critical of admission arrangements and long waiting lists at some hospitals. The new report said that failure of communication was a frequent source of complaint.

But in many cases all that was required from the hospital or local authority concerned was an apology. In some cases a review of practices and procedures was necessary, and in two cases small financial retribution was made.

It was not unusual for patients dissatisfied with their treatment to believe that the treatment was different from what they understood they were to be given; yet medical staff thought they had made it quite clear beforehand, said the report.

The explanation was often quite simple, Sir Alan said. What might seem to a doctor a straightforward explanation of a simple procedure could be incomprehensible to an apprehensive patient and quickly forgotten.

This was confirmed by the number of patients who signed consent form for operations, yet lated denied they had done so and sometimes were convinced their signature had been forged.

Another major source of irritation was delay, particularly that surrounding waiting lists for admission to hospital, sometimes for major surgery.

"In my view, patients who are likely to have to wait any length of time for admission should be told this when put on the waiting list: they should be told in writing what to do if their condition deteriorates: and they should be kept informed of their progress on the list at regular intervals, preferably not longer than six months."

New safety measures at Jersey airport

By Our Own Correspondent

JERSEY, June 18.

JERSEY AIRPORT authority to-day launched new safety measures at the island's airport—the third busiest in the British Isles, handling some 1.4m. passengers per year, and on a busy week-end day as many as 50 take-offs an hour.

In 1973 BALPA included Jersey as one of five European airports whose safety standards were deficient mainly because over-run safety areas at the end of its runway measured only 200 feet instead of a recommended 500 feet, and furthermore because the western end of the runway terminated in a sheer 300-foot drop into the area of St Ouen's Bay.

To-day Mr. Bill Morvan, president of Jersey's Harbours and Airport Committee explained that almost £1.2m had been spent improving safety measures. This included the installation of secondary radar supplied by Plessey U.K., at a cost of nearly £200,000.

GENERAL APPOINTMENTS

PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS amounting to £5 million have been issued today, 19th June, 1975, for maturity on 18th September, 1975. Applications totalled £41.5 million. The minimum price accepted was £97.64½% and 25% of the Bills were allotted at this price. The average price of the Bills issued was £97.65042%.

The total amount of Bills outstanding is £18 million.

BOND DRAWING

CHILEAN EXTERNAL LONG TERM DEBT—LAW No. 8962

CHILEAN 4½% LOAN 1886

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of this loan took place on 4th June 1975 attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1975 from which date all interest thereon will cease:—

[illegible]

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1892

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of this loan took place on 4th June 1975 attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1975 from which date all interest thereon will cease:—

[illegible]

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1896

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of this loan took place on 4th June 1975 attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1975 from which date all interest thereon will cease:—

[illegible]

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1905

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of this loan took place on 4th June 1975 attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1975 from which date all interest thereon will cease:—

[illegible]

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1909

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of this loan took place on 4th June 1975 attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1975 from which date all interest thereon will cease:—

[illegible]

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1976, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

New Court, St. Swithin's Lane, London EC4P 4DU
19th June 1975.

CITY OF BERLIN 6% (NOW 4½%) STERLING LOAN 1927

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st July, 1975, in respect of the above Loan, Bonds for £3,160 have been purchased and the under-mentioned bonds [illegible]

7 Bonds for £1,000 each

[illegible]

29 Bonds for £500 each

[illegible]

221 Bonds for £100 each

[illegible]

25 Bonds for £20 each

[illegible]

RECAPITULATION

7 Bonds for £1,000 each ...	£7,000
29 Bonds for £ 500 each ...	£14,500
221 Bonds for £ 100 each ...	£22,100
25 Bonds for £ 20 each ...	£ 500
	£44,100

The above-mentioned Bonds with coupons due 1st January 1976 and subsequently attached may be lodged for repayment on or after 1st July 1975, at the office of J. Henry Schroder Wagg & Co. Limited, Coupon Department, 120 Cheapside, London, E.C.2 between the hours of ten and two o'clock.

London
12th June, 1975.

COMPANY NOTICES

DEAD SEA WORKS LIMITED

5% DEBENTURE STOCK 2002

NOTICE IS hereby given that the 5 per cent. Debenture Stock TRANSFER BOOKS of the above-named Company will be CLOSED from the 16th to 30th June 1975, for the purpose of preparing the interest warrants for the interest due to be paid on the 30th June 1975.

BANK LEUMI (U.K.) LIMITED,
London Paying Agents.
A. I. FREEDMAN,
Secretary

4-7 Woodstock Street,
London, W1R 1HD.
17th June 1975

QUEBEC CENTRAL RAILWAY COMPANY
4% First Mortgage Debenture Stock

In preparation for the payment of the half-yearly interest due 1st August, 1975, on the above Stock, the Transfer Books will be CLOSED at 3.30 p.m. on 11th July and will be re-opened on 15th July, 1975.

R. H. PAUL
Assistant Secretary.

8, Waterloo Place,
Pall Mall
London, SW1Y 4AQ.
19th June, 1975.

ASSOCIATED BRITISH FOODS LIMITED

NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 19 June to 11 July 1975, both dates inclusive.

By Order of the Board
T. H. M. SHAW, Secretary.

19th June 1975
40 Berkeley Square
London W1X 6BR

CITY OF BERLIN 6% (NOW 4½%) STERLING LOAN 1927

NOTICE IS HEREBY GIVEN that the Coupons due 1st July 1975 from New Bonds of the above Loan may now be presented at the Offices of J. Henry Schroder Wagg & Co. Limited, Coupon Department, 120 Cheapside, London, E.C.2 between the hours of 10 and 2 o'clock.

London 17th June, 1975

[illegible] per annum for each security

ACCOUNTANCY APPOINTMENTS

CORPORATE AUDIT MANAGER

Northern Italy c 11m lira+ (approx £7,500+)

Our client is a well established and rapidly expanding European textile manufacturing group with production facilities in Italy and Switzerland and marketing offices throughout Europe. The group has some 4,500 employees and has recently achieved a 20% share of the European denim, corduroy and velveteen market.

Due to recent acquisitions and internal development the group now wish to recruit a Corporate Audit Manager. He will be responsible for establishing an audit function with particular emphasis on operational matters.

Candidates must be chartered accountants with at least two years' post-qualification experience. Whilst a knowledge of Italian would obviously be useful it is not regarded as essential.

Salary is negotiable around 11 million lira plus benefits.

For further information and a personal history form please contact Michael Shattock B.A. (Econ)., A.C.A. quoting reference No. 1268.

Douglas Llambias Associates Ltd.,
410 STRAND, LONDON WC2R 0NS.
TELEPHONE 01-836 4085
3 COATES PLACE, EDINBURGH EH3 7AA.
TELEPHONE 031-225 7744
DLA
COMMERCE & INDUSTRY

ACCOUNTING & AUDITING RESEARCH

£7,000 +

A major international accounting firm is looking for an experienced Chartered Accountant to join their Accounting and Auditing Research Department. It is likely he will be based in London. This is an expanding department providing a service to all their offices in the UK.

Initially responsibilities will include the development of a series of publications designed to assist the partners and senior members of the firm in keeping abreast of day-to-day developments in the accounting profession. In addition to these responsibilities there will be involvement as part of the research department team in other research projects.

The applicant should have sound professional experience in accounting, auditing and the related law, and should have had a minimum of 5 years' post qualifying professional experience. He must be confident of assuming considerable personal responsibility. Some editorial or literary experience would be advantageous. Salary from £7,000 depending on experience.

(Ref. H1153/FT)

REPLIES will be forwarded direct unopened and in confidence to the client unless addressed to our Security Manager listing firms to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA ADVERTISING LIMITED,
2 Albert Gate, London SW1X 7JU. Tel: 01-235 6060

EMA

The Stock Exchange

Financial Systems Development

£7,000 — £10,000

In a development with important ramifications throughout the City, the Stock Exchange is totally revising the basis of its accounting and information systems. The project is code named "TALISMAN."

An exceptionally able Accountant is required to play a leading part as one of four team leaders reporting to the Director of Talisman. He will supervise four Financial Managers with banking, broking, systems and audit experience. The team will ensure that controls are maintained and that the system will produce the optimum management information.

The team leader will also liaise with the audit profession, major banks and stockbrokers, ensuring their understanding and acceptance of the fundamental innovations taking place. This is an opportunity to become well known and respected in the City.

Probably aged 28-32, applicants should be Chartered Accountants with major firm audit experience to manager level in their current or previous position. This is a creative and intellectually demanding position. Please telephone or write to David Hogg, A.C.A., who is advising on this position.

E.M.A. Management Personnel Ltd.,
Halton House, 20/23 Holborn, London, E.C.1.
01-405 8362/3.

Management Through Finance

from £7,000

Cost and management accounting, however sophisticated, is never an end in itself: it is a means to more effective management and more profitable performance. This is why, when Pedigree Petfoods recruit a senior financial man, we are looking for much more than a first-class accountant; we are looking for a broader management contribution of a high order.

As our Cost Accounting Manager, probably aged around 30, you will have key responsibilities both at our established Melton Mowbray plant and at our new, expanding Peterborough location. In the high volume, competitive margin prepared petfood industry, effective cost control is one of the most significant factors affecting profitability, and we shall expect you to devote considerable time and energy to reviewing and improving the systems under your control, with full awareness of the wider business implications.

We place a high value on management flexibility, and career development opportunities could well arise outside our financial function. One thing is certain: an impressive performance in this role will open the door to more senior positions in the company or elsewhere in the international Mars group.

Pedigree Petfoods itself is a company of 2,500 employees, with an annual turnover approaching £90m. We are leaders in our market, with a distinctive and enlightened management style. Our location in Melton is particularly attractive: there is a wide choice of moderately priced housing in both rural and urban areas, and we will assist generously with relocation. In fact our entire benefits package is well above average. The starting salary is negotiable, but will be not less than £7,000.

Pedigree Petfoods
A Division of Mars

Please write briefly, or ring for more written information and an application form to:
Ian Davies, Management Recruitment Manager, Pedigree Petfoods Limited,
Melton Mowbray, Leicestershire, LE13 1BB. Tel: Melton Mowbray 4141.

Property Banking & Administration

A major City financial Institution with diverse international interests has vacancies in property banking, servicing multi-million pound portfolios well spread over leading residential builders and developers. The work which is demanding and highly responsible, provides the necessary basis for a sound and challenging career.

Those appointed will join experienced teams of professional men engaged in exacting assignments. They will require skill in financial analysis, report writing and viability studies and should have the personal qualities necessary for direct dealing at a senior level. Experience of the UK property scene would be an advantage.

Applicants should be qualified ACA aged not less than 25, or bankers with lending or securities experience of similar minimum age and preferably studying for or qualified AIB. Older men with appropriate experience will also be considered.

An attractive salary will be paid, together with a non-contributory pension and the prospect of assisted house-mortgage, and other benefits.

Please telephone:–
Bryan Tonkinson (Personnel Manager)
01-623 3020 (day) or Weybridge 42042 (evenings).

GENERAL APPOINTMENTS

MR

CONTAINER TERMINALS LIMITED

have asked us to advise on the following appointment:

GENERAL MANAGER

LOCATION

NEW ZEALAND

The rapid expansion of container shipping services requires the extensive development of facilities and systems at the Wellington Container Terminal.

The Company's principal shareholder is THE SHIPPING CORPORATION OF NEW ZEALAND LIMITED with the balance to be held by overseas container operators. This Company has been formed to develop and operate the extended Terminal and requires a chief executive who will be responsible directly to the Board of Directors for the operation and development of the Terminal. This is a unique opportunity to be vitally involved in a development important to the New Zealand economy and the progress of the transport industry. As such, the appointment is being advertised internationally. The location is in Wellington City.

REQUIREMENTS:

- The position calls for energy and drive and an ability to negotiate with container operators, transport contractors and industrial interests.
- As he will be responsible for the efficient operation of the facility, which will handle up to 100,000 containers per annum, he must have proven executive management experience, combined with a sound appreciation of industrial relations.
- Knowledge of shipping and transport operations would be an advantage.
- The ability to plan, organise, control and lead staff.

REWARDS:

- Salary and fringe benefits will be negotiable and fully commensurate with the responsibility of the position.

APPLICATIONS:

Strictly confidential. Closing date for applications—30 June, 1975. Please apply in writing stating age, experience, qualifications, other relevant information and telephone numbers, mentioning Position R.8.731 to:

MR. R. H. BORLAND
MANAGEMENT RESOURCES LIMITED
First Floor, World Trade Centre, Sturdee St.,
Box 11-237, Manners Street Post Office,
Wellington, N.Z.

ACCOUNTANTS

A Front-Line Role in Contract Negotiation

up to £6,300

Every year, the Ministry of Defence places contracts worth around £1000 million. Many of them are for advanced and complex equipment, and many are non-competitive. All are negotiated under the scrutiny of the Ministry's Procurement Executive accountants.

These accountants are not simply producing and presenting facts and figures. They are actively involved in business decision-making, and carry a higher level of personal responsibility than the average accountant in private practice, since the individual contracts under each accountant's control can run into millions of pounds in value. They can involve personal negotiation with senior management in major industries – aerospace, shipping, electronics. And the accountant's recommendations on pricing, terms, and choice of contractor always have a significant impact on vital national expenditure.

In career terms these are very much development opportunities. After two successful years as a Senior Accountant, during which you can acquire substantial business experience and formal training, you will be in line for promotion to Chief Accountant on a salary up to £7,860.

To apply you must be a Chartered, Certified, Cost and Management, or Public Finance Accountant, with appropriate experience, who is ambitious, commercially oriented and keen to work hard.

Appointments – normally as Senior Accountant for those aged 27 or over – are pensionable and can be permanent, for a fixed period, or (in appropriate cases) on secondment terms.

For further details and an application form write to Civil Service Commission, Alencon Link, Basingstoke, Hants. RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours) or London 01-839 1992 (24 hour answering service). Please quote ref G(6)590/.

Ministry of Defence

Manager

Finance and Control for New Merchant Bank

Up to £10,000

As announced recently in the Press, the Saudi Arabian Monetary Agency and a consortium of major international banks intend to establish an independent merchant bank in the City. A Manager is sought for the Finance and Control Division of the new Bank who will have responsibility for all accounting, internal audit and taxation matters. He will report to senior management and be particularly concerned with:

- the production of periodic reporting statements for local management and statutory returns for the Bank of England;
- the development and implementation of appropriate accounting and internal audit standards and systems;
- assisting in the development of operating procedures.

Applicants must be qualified accountants and should be able to demonstrate several years' successful experience in a senior management role in the areas of financial planning and control in the banking industry. Such experience should include a thorough knowledge of the accounting aspects of international transactions.

The company offers a base salary of up to £10,000 p.a., plus normal banking benefits.

Please write in the first instance, and in confidence, to Edgar C. Felton, care of Morgan Guaranty Trust Company, 33 Lombard Street, London EC3P 3BH.

TECHNICAL and COMMERCIAL DEPUTY

very dynamic with experience in computer aided design preferably graphic applications

required by a large American Group for its London offices

He will be visiting mechanical and electronics industries, research departments etc. with a view to introducing our system.

Very attractive future prospects and income possibilities.

If you live in the area,

If you are an excellent salesman, ambitious and dynamic, please write under reference 75.1411 to Centre de Promotion et de Sélection—avenue Louise 304—B.1050 Brussels—Belgium.

Possibility of interview in London.

Management Accountant

£5000 plus — East Africa

Bookers Agricultural & Technical Services Limited provide management and technical expertise to sugar estates and other agricultural projects around the world. Booker McConnell and subsidiary companies have some 30,000 employees, assets of £60 million and a turnover of £285 million.

A major sugar estate in East Africa requires a management accountant who will prepare financial projections, consolidate annual budgets, prepare monthly management accounts and monitor performance against budget. Willingness to transfer to other overseas assignments on completion of an eighteen-month tour is highly desirable.

Candidates should be qualified accountants, ideally within the age range 35 to 45 years, and have previous overseas commercial accountancy experience.

An attractive overseas salary according to experience, including cost of living allowances, clothing, disturbance and education allowances and family passages, car allowance, medical scheme, life insurance and free housing will apply to this pensionable position.

Applicants should write, sending detailed curriculum vitae and availability for interview and employment, quoting reference B.73, to:

E B Williams, Bookers Agricultural & Technical Services Limited,
Bucklersbury House,
83 Cannon Street,
London EC4N 8EJ.

BOOKER McCONNELL

Financial Controller/ General Manager Designate

South East Midlands — c.£5,500

This subsidiary of a leading independent group with diverse interests in the food industry, offers an outstanding opportunity to an accountant aged 28+, who has in-depth experience in the wider aspects of financial management and the flair and foresight to succeed in general management. Initially he will report to the General Manager and hold responsibility for the refinement of all financial and administrative matters to give non-financial managers a wider appreciation of the business operation through a responsive information system and his personal involvement in their problems, leading him ultimately to have direct responsibility for the operating unit. Remuneration package, which includes relocation expenses, and prospects within the group are excellent.

Please write or phone in confidence for personal history form to A. Vinton, quoting ref: 35061/FT.

Hoggett Bowers & Partners Ltd — *Executive Search and Selection Consultants.*

Albany House, Hurst Street, Birmingham B5 4BD. Tel: 021-622 2961. Offices also in Bristol, Glasgow, Leeds, London, Manchester, Newcastle, Sheffield, Melbourne and Sydney.

REINSURANCE — SOUTH AFRICA

Our Client, a major Lloyd's Insurance Brokers, requires a keen, aggressive man to set up a joint reinsurance broking operation with a leading firm of South African brokers. He must have the experience and proven past record to be able to produce new reinsurance business from the already available large number of high-class introductions. The successful candidate is likely to have had broking experience at high level.

This is a permanent position involving living and working in South Africa and previous experience of that country will be a definite advantage.

The age range is 30 to 40 years. Salary, living conditions and general conditions of service are all in accordance with the importance of the position.

A Curriculum Vitae, which will be treated in strictest confidence, giving details of age, experience and current salary, together with a note of employers you do not wish to be approached should be forwarded in the first instance to:

Richard Chapman, Manager,
Insurance Personnel Selection Limited,
Lloyds Avenue House,
6, Lloyds Avenue,
LONDON, EC3N 3ES

ACCOUNTANT

City Merchant Bank requires a qualified accountant. In addition to responsibility for the day to day accounting function, the accountant will be involved in the control procedures of the Bank.

Experience of bank accounting would be an advantage: more important, however, will be an understanding of internal control principles. Languages would be useful.

The accountant will report to the Financial Controller. He will also work in close co-operation with all departments of the Bank.

Prospects for advancement are good with a growing organisation. Salary will be c.£4,000. Please reply to Box No. T 4171, Financial Times, 10, Cannon Street, EC4P 4BY

MERCHANT BANK requires qualified A.C.A. in his 20's for its investment trust department. Suitable candidates should have previous city experience including Audit, Investment, Taxation etc. Salary c.£5,000.—Write Box T. 4175, Financial Times, 10, Cannon Street, EC4P 4BY.

INSOLVENCY SPECIALISTS at all levels are required by major London practices up to £5,000 p.a. +. Contact: Brian Ingram M.A. (Ref. C103)

P.A. TO PARTNER up to £4,500 p.a. An expanding medium sized 'A 1' practice requires a P.A. to one of its senior partners. Should be from one of the 'Top Twenty' firms and be A.C.A. or Analyst. Partnership prospects. (Ref. C102) Contact: Brian Ingram M.A. Blessed-Callaby Limited (Consultants), 116, Newgate Street, E.C.1. 01-606 7311.

PA EXECUTIVE LINE

Contracts Finance Co-ordinator

Petrochemical Industry
Central London — up to £8,000

Telephone 01-235 1535 for recorded information on this appointment, recording your name and address if you would like a transcript and application form. Alternatively write to PA Advertising (Executive Line).

PA — 2 Albert Gate, Knightsbridge, London SW1X 7JU.

هكذا من الأصل

GENERAL APPOINTMENTS

INTERNATIONAL BANKING OPPORTUNITIES

ASSISTANT INSPECTORS

A major British International Bank has vacancies for Assistant Inspectors.

Applicants should be under 35, and ideally with the following qualifications and experience.

- Internal bank auditing (administration or lending), preferably with an Overseas Bank.
- At least five years' relevant experience.
- Knowledge of one other major European language.
- Appropriate professional qualifications preferred.

Successful candidates will help ensure that the branches, departments, offices and subsidiary companies of the Bank in the 37 countries where it is represented are operating in accordance with laid down policies and established practices.

They will be London based, but can expect to spend a considerable part of the year travelling abroad. These appointments could lead to other Executive positions in the organisation both at home and overseas.

Starting salaries will be around £5,000 plus London Allowance of £402 p.a. (under review) and substantial non-taxable travel allowances. Benefits and conditions are excellent.

If you are looking for greater opportunity and the chance to travel please send your full career details to:

J. B. Burden,
Bartlett Jeffress Advertising,
23-28 Fleet Street,
London, EC4Y 1NE.

Letters will be sent to our client unopened unless addressed to the Security Manager indicating companies to whom they should not be forwarded.

Bartlett Jeffress Advertising

LEASING MANAGER

Schroder Finance Limited is the industrial and commercial leasing and hire purchase associate of Merchant Bankers J. Henry Schroder Wagg & Co. It is seeking an executive to play an important role in the development and expansion of the business.

The company employs a staff of fifty and concentrates its activities in non-consumer leasing and hire purchase. The Leasing Manager will be directly responsible to the Managing Director for the negotiation and implementation of complex financing agreements. In addition he will take part in the overall development of the company and help to shape its future business.

Experience in the leasing and hire purchase industry is essential, and a knowledge of the relevant legal implications should be based either on a formal qualification or some years of practical application.

The appointment should appeal to an executive aged 28-35, to whom the *promotion prospects will be apparent. Salary is negotiable for the right* man, with a company car, and the usual company fringe benefits. Offices are located in Harrow, and relocation costs will be met where necessary.

Please write in confidence to M. J. Matthews, Selection Thomson and Day, the consultants retained to advise on the appointment, at 41, Pall Mall, London, SW1Y 5JG.

SELECTION THOMSON + DAY

Mining Engineer

For long established private Iranian mining house require mining engineer, preferably with several years of underground mining experience. Excellent salary, living, conditions, plus other benefits. Owing mine location, probable residence in major Iranian city. Exceptional opportunity with an exceptional fast expanding company in an exceptional fast expanding country.

Write in fullest confidence to Box No. E.5416, Financial Times, 10, Cannon Street, EC4P 4BY.
enclosing Curriculum Vitae

LONG AND MEDIUM GILT SPECIALIST

Leading firm of Stockbrokers seek to recruit an experienced and successful Salesman to join an established team in this market. The successful candidate will already have a reputation with Institutional investors for his technical knowledge and his ability to service important clients.
This is a senior appointment and a substantial salary and profit sharing is available to the right candidate.
Reply or telephone in confidence, quoting ref. 774. All replies will be forwarded direct to our client. Please indicate in a covering letter any firms to whom you do not wish to apply.

W. L. TAIT.
TOUCHE ROSS & CO..
Management Consultants.
Executive Selection Division,
27 Chancery Lane.
London. WC2A 1NF.
Tel: 01-242 9451.

INVESTMENT ANALYST

We are a *medium sized Stockbroking firm* with an established reputation for our research work. We are looking for a man, probably in his mid-twenties with a couple of years' experience behind him—this may have been gained either with an Institution or Stockbroker.

The usual talents, a flair for writing, and the ability to communicate ideas effectively, will be accompanied by the ability to become part of a closely knit team of analysts in the consumer area and by a desire to establish himself as a sector specialist.

A good salary plus bonus is envisaged for the successful applicant.

Apply Box No. T.4173, Financial Times.
10, Cannon Street, EC4P 4BY.

GENERAL APPOINTMENTS
ALSO APPEAR
TO-DAY
ON PAGES 33
AND 34

simon

GROUP TREASURER

NORTH WEST

Simon Engineering Limited, a public company with a turnover of £150 million and a wide range of industrial and trading activities in the UK and overseas is seeking a Treasurer who will take responsibility for:

developing financial strategies
dealing with financial institutions
co-ordinating the financing operations
of the companies in the group

The Treasurer will be in charge of a small head office team which is already developing expertise in foreign currences.

Applicants should desirably have some commercial/industrial experience, preferably with involvement in exporting and contract financing. Preferred age 30-35.

Salary and other benefits (including the use of a company car) will be in keeping with the importance of the job.

Brief application stating age, experience and present salary should be addressed to:-

H. R. Sykes, Finance Director, Simon Engineering Ltd., Bird Hall Lane, Stockport.

Seasoned Management Consultants

Ultimately for line management

■ Most management consultants see themselves on the road to line management responsibility—but the transition rarely occurs easily. Here is an opportunity to join a major, diversified industrial group of over 200 companies and, totally solid in performance, profit and prospect, anxious to use its own internal consultancy unit as a breeding ground for top management.

■ The unit is already well established and successful. It is now creating posts for regional managers who will each have a major, multi-company sector of the group to serve, diagnosing problems and allocating and supervising work of consultant teams. The problems will be varied in detail—specialists already offer computer systems, O.R., industrial engineering and management accounting expertise. The right men will be able to offer a specialist skill and, more importantly, to demonstrate a broad and successful business background, acceptable at managing director level.

■ To give balance to the unit, which operates with a participative flavour, it is likely that the two most suitable candidates will have a specific background in: *(a) management accountancy, (b) systems development*.

■ They will be aged between 35 and 40, qualified, and able to show a *record of success with a major consultancy, in diagnostic, selling and* supervisory work. The jobs are based in the Midlands and carry a salary of £8,000—£9,000 (more for the exceptional), plus car and excellent big company fringes. Write to Terry Ward quoting Ref. 1590/FT if your background is (a), Ref. 1591/FT if your background is (b).

LCM Leslie Coulthard Management
Brettenham House, 14 Lancaster Place,
London WC2 Tel: 01-240 1605

Export Director-

Scotch Whisky

World-Wide Potential ca £10,000

One of the developing independent whisky groups is looking for an Export Director. This is an important high-level appointment and previous experience of wine and spirit international *marketing is essential. No specific age limits—ability, experience,* energy and resourcefulness are more important. British nationality. Location Scotland. Considerable travelling, particularly to the USA.

Write in confidence giving personal, career and salary details to J. R. Kilmartin, Managing Director, at the address below. Please note any companies to whom we should not send your application and quote ref. RR.41.

ROYDS

Royds Recruitment Limited, Royds House, Mandeville Place, London W1M 6AE. Tel. 01/935 7733 Telex. 21543 (Lucidads Ldn)

COMPANY SECRETARY

Leading firm of Stockbrokers, recently incorporated, require Company Secretary. He will be responsible for the management of premises, telephone systems, catering, and general services, and in addition will deal with the Company's legal secretarial requirements and Board Minutes.

The successful candidate will preferably be qualified and have had both secretarial and administrative experience, and is likely to be in the age bracket 35-50.

Salary £5,000 plus profit share.

Please reply in confidence to the Managing Director, Box T.4159, Financial Times, 10, Cannon Street, London EC4P 4BY.

Leading Australian Stockbroker

requires

INSTITUTIONAL ADVISOR

Age 25/35, with at least 5 years' stockbroking experience and proven Institutional Business. Salary by negotiation but in excess of £5,000 p.a. plus bonuses and fringe benefits.

Apply with curriculum vitae to Box E.5418, Financial Times, 10, Cannon Street, EC4P 4BY.

WANTED

REPRESENTATION PUBLIC RELATIONS U.S.

Seasoned executive with top 50 firm heading New York operation seeks permanent association with European organisation acquiring or expanding U.S. interests. Broad corporate counsel, financial and international communications experience. Presently employed seeking new challenge requiring responsible independent initiative

Box No. F.201, Financial Times, 10, Cannon Street, EC4P 4BY

Find your place in British Gas

RESEARCH ANALYST

Holborn up to £4968

British Gas are now looking for a Research Analyst to join them in Holborn.

You will assist the Principal Research Analyst in the preparation of recommendations for investment by the Central Funds of the Gas Industry's Pension Schemes. This will involve continuous monitoring of equity and other investment sectors, as well as close scrutiny of the financial press, brokers' circulars etc. You will also be expected to prepare both industry and company reviews, visiting companies regularly as necessary.

'A' levels in Economics and English are essential and you must have a high standard of literacy and numeracy. A degree in Economics would be a decided advantage and relevant experience should include work in a stockbrokers or the investment department of a large institution.

Starting salary is in the range £3553-£4566 plus £402 London Weighting and you will enjoy generous large organisation benefits.

Please write with full details of age, qualifications and experience to the Senior Personnel Officer (HQ), British Gas, 59 Bryanston Street, London W1A 2AZ, quoting reference F/009/5271. Closing date for applications 3rd July.

BRITISH GAS

ROBSON COTTERELL LIMITED

MEMBERS OF THE STOCK EXCHANGE

Conducting substantial business with private, professional and institutional clientele invite applications for the following appointments arising from development and management succession programmes.

FINANCIAL/ADMINISTRATION — A new senior appointment. Financial/statistical controls. S.E. returns, overall administration including staff selection/motivation. The ideal candidate would be a Member, qualified Accountant with experience of corporate/*personal, financial/tax planning.*

DEALER — Direct dealing with Jobbers by telephone. Experience in handling Institutional business essential.

INVESTMENT ADVISER — Private and/or Institutional.

ANALYST — Preferably with Institutional connections. Preparation of material for external/internal circulation.

Market display price screens installed.

***Excellent prospects which could lead to* Board appointments.**

Contributory Pension Scheme.

Applicants, preferably under 40, should send brief curriculum vitae in strictest confidence, with indication of remuneration required to:

The Secretary,
Bourne Chambers, St. Peters Road, Bournemouth.

Pensions Manager

—To direct and control policy, planning and administration of all benefit programmes for a major UK manufacturing Group.
—Preferred age: 30's.
—Location: London.
—Salary Indicator: over £7000 plus car.

Telephone Trevor Lee on 01-204 0862 *for a confidential discussion.*
Executive Projects Limited, Shears House, 995 High Road, London N12.

Executive Projects Limited

CHIEF EXECUTIVE

THE OPPORTUNITY—The Challenge

(1) To alter the posture of a publicly quoted engineering group into an adventurous and successful organisation with a small head office in London:
(2) *To extract £1.5 million minimum pretax profits from existing* sales of £20+ million of industrial products:
(3) To develop existing and introduce new activities to provide £50 million sales before 1980.

THE EXECUTIVE—A Leader

(1) With demonstrable success in his current appointment:
(2) With experience in:
  (a) Marketing an engineering product internationally.
  (b) Controlling a group of companies, possibly as Divisional *M.D. of a large industrial holding company.*
  (c) Setting up and running overseas operations.
  (d) Negotiating manufacturing and marketing licences, joint venture activities, acquisitions and mergers.

Candidates, aged 40/55, wishing to be considered for this appointment must disclose the fullest details of their career to date which will be treated in the strictest confidence. Remuneration will be in the range £15/20,000 p.a. Replies should be addressed to the Chairman Box T.4160. Financial Times, 10. Cannon Street, EC4P 4BY.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Indecisive in dull trading: off 0.78

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 18.

PRICES MOVED indecisively most of the session in dull trading on Wall Street to-day, when investors continued to be wary about the economy.

After opening a further 6.02 down at 822.39, the Dow Jones Industrial Average partially recovered to 827.83, for a net loss of 0.78. The NYSE All Common Index shed another 10 cents, to $48.17, while losses led gains by 802-to-609. Trading volume dropped *3.85m. shares to 15.59m.*

Analysts recently have warned that the expected second half *economic recovery will be slow* and that second quarter earnings reports may be disappointing.

The Stock Exchange *showed no* apparent reaction to the narrowing of the U.S. balance of payments deficit in the first quarter, reported by the Commerce Department, while a rise in U.S. Personal Income in May had negligible impact on shares.

American Telephone firmed $¼ to $49¼—it reported lower earnings for the three months ended May 31, while industry analysts said the earnings were in line with estimates.

Du Pont eased another $¼ to $116¼ on its bearish earnings forecast.

Procter and Gamble dropped $2¾ to $92 on a Federal Trade Commission's Investigation into the detergent industry.

G. D. Searle dipped $¼ to $15¾ on 195,100 shares.

Southern Co. edged up $¼ to $12¼ on 362,50 0shares, following plans for a public offering of 11m. Common shares at $12.50 each.

Steels and Motors were narrowly mixed.

In Oils, Exxon fell $1¾ to $88¾, Atlantic Richfield $1¼ to $99¼, Mobil Oil $¾ to $46, and Getty Oil $4½ to $184½, attributed to White House postponement of implementing an earlier decision to end Oil Price Controls.

Sony put on $¼ to $11¾ on a block of 100,000 shares.

Ryan Homes, the most active issue, dipped $1 to $18 on a volume of 58,100 shares.

Valley Industrial were off $¾ to $18¾ but Syntex were up $1¾ to $39¾.

The American SE Market Value Index moved up 0.37 to 89.47, although declines outnumbered advances by 335 to 273.

PARIS—Market continued to move lower, discouraged by the Bank of France's report on the French economy, and also in the absence of any factors which might stem the present drift downwards.

Banks, Portfolios, Foods, Breweries, Stores, Constructions and Chemicals all fell back. Oils were mixed, while there was some firmness in Electricals.

Americans, Germans, Dutch and Foreign Oils were lower, Canadians and Coppers mixed, while Golds were firmer.

AMSTERDAM — Market fell virtually across the board on lack *of interest, with a little selling* sufficient to depress prices.

Sentiment was dampened by lower overnight Wall Street advices, renewed belief the chance of an economic recovery is very slim and the report of the increased Dutch budget deficit.

Bonds lost around Fls.0.50 to Fls.0.70 on an official announcement that the 1975 State Budget deficit would near Fls.10bn. instead of the original estimate of Fls.4.59bn.

BRUSSELS—Most shares declined during calm trading.

In lower Steels, Arbed were off Frs.70 to 4,180 and Cockerill Frs.76 to 1,164. *In easier Metals*, Union Miniere declined Frs.18 to 1416, and Asturienne Frs.20 to 2,130.

U.S. shares tumbled across the Board. General Motors dipped *Frs.25 to 1,600*, Boeing Frs.60 to 998, IBM Frs.240 to 7,510, ITT Frs.22 to 854, Westinghouse Frs.36 to 749 and Union Carbide Frs.30 to 2,090.

Among higher South African Gold Mines, Vaal Reefs improved Frs.36 to 1,476. French and Zairean shares were steady. German and Dutch sectors weakened, with Hoechst down Frs.30 to 2,000 and Hoogovens Frs.20 to 760.

GERMANY — Prices closed mixed to lower, with trading sporadic throughout the session.

Banks mostly declined, Commerzbank shed *DM0.30* to 183.50, Deutsche Bank DM0.50 to 282.50 and Dresdner Bank DM1.50 *to 215.50.*

In lower Electricals, AEG *dropped DM4.30 to 71.50* and Siemens DM2 to 248.50. Chemicals were mixed. BASF gained DM1 to 131.50, but Bayer lost DM0.20 to 116.80. Metals also were mixed.

In mostly lower Motors, BMW lost DM0.50 to 217 and VW DM0.70 to 98.30, but Daimler rose DM0.30 to 286.20.

SWITZERLAND — Markets edged lower over a broad front, with buying interest minimal. Small selling intensified the decline.

Among Foreign shares, Dollar *stocks were weaker*, German and Dutch issues eased slightly.

STOCKHOLM—Firm tendency.

COPENHAGEN — Mixed in moderate dealings.

VIENNA—*Generally maintained.*

OSLO—Mainly quiet.

MILAN—Prices rallied an average 1.5 per cent. after Tuesday's slide of 8 per cent. in reaction to the big Communist advance in the elections.

Brokers said future prospects of the market remained gloomy *with prices subject to new upsets* as several commentators predicted negative effects on Italy's *economy as a result of growing* Communist power.

HONG KONG—Sharply lower in increased trading.

Hong Kong Bank lost 30 cents to $HK15.70, Hong Kong Land 15 cents to $HK6.80, Hutchison 7½ cents to $HK2.30, Wheelock "A" 25 cents to $HK3.70 and Jardine $HK1 *to $HK28.*

TOKYO—Market eased in sluggish trading. Volume 120m. (180m.) shares.

Motors turned lower towards the close after initial strength on *the lead of Toyo Kogyo, who's* rotary engined cars were selected as the first to meet official 1976 exhaust standards.

JOHANNESBURG—Gold shares closed higher in a moderate turnover.

Financial Minings were quietly firmer, with Johnnies 30 cents higher at R29.50.

Coppers were quiet.

Industrials held steady.

AUSTRALIA—Renewed buying boosted prices of leading *Minings and Industrials* and halted the recent downswing in prices.

Most Minings joined in the general recovery, with Great Boulder rising 14 cents to 81 cents. But Poseidon, which announced a big premium issue late Tuesday, dropped 60 cents to $A3.30.

Financiers continued weak and there were some soft spots in Properties and Brewers, but Retailers rallied.

OTHER MARKETS

Canada up again

Canadian stock markets gained further slight ground in light trading yesterday.

The Industrial Share Index *rose 0.22 to 186.42*, Base Metals 0.03 to 72.38, Western Oils 3.33 to 191.90, Utilities 0.47 to 130.35 *and Banks 3.03 to 263.95.* But Golds shed 0.41 to 418.28 and Papers eased 0.32 to 108.62.

Indices

NEW YORK

DOW JONES AVERAGES

U.S. STOCK INDICES STANDARD AND POORS

MELBOURNE YIELDS

W'ge yield on 50 Leading Shares	June 12	June	May 29
On Dividends	7.11	7.02	7.13
On Earnings	13.67	13.49	13.67

SYDNEY ALL ORD. INDEX

June 18	June 17	High 1975	Low 1975
363.31	360.53	387.27 [illegible]	289.88 [illegible]

TOKYO NEW SE INDEX

STOCK AND BOND YIELDS

HONG KONG INDEX

SINGAPORE INDEX

WEDNESDAY'S ACTIVE STOCKS

IND. DIVIDEND YIELD p.c.

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

EUROPE

TORONTO

MONTREAL

JOHANNESBURG

Gain for £

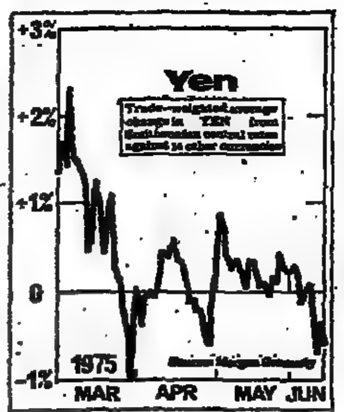
Sterling strengthened on balance against major currencies in general in the foreign exchange market yesterday, with its trade-weighted average depreciation against ten units since the Washington Currency Agreement *of December, 1971* (as measured by the Bank of England) narrowing on balance to 26.3 per cent., from the overnight 26.5 per cent., a level also held in early dealings yesterday, while the noon level was 26.4 per cent. Business was moderate. In terms of the U.S. dollar, the pound gained 10 points on balance, at $2.2725-2.2735 — opening at $2.2690-2.2700, its lowest of the day, but rising quickly to $2.2720-2.2730, and after some *fluctuations touching* a day's peak of $2.2740-2.2750 in the later afternoon. The dollar's trade-weighted average fall against 14 units since the Washington Agreement (as calculated *on noon rates in* New York by Morgan Guaranty) narrowed a little on the day, to 8.82 per cent. *from 8.91 per cent.*, while sterling's depreciation on a similar basis narrowed to 32.26 per cent., from 32.51 per cent.

Among leading international currencies other than sterling and the dollar, a feature was the renewed loss in the Japanese yen, which in terms of the U.S. dollar fell 80 points to 294.10. On the Morgan Guaranty weighted fall calculation against 14 units since the Washington Agreement, the yen's net depreciation widened to 0.60 per cent., from 0.36 per cent.

Swiss francs were appreciably weaker, *with their appreciation* on a (similar) Morgan Guaranty basis narrowing to 26.17 per cent., *from 26.79 per cent.*

Gold fell $¼ an ounce on balance in London to $163½-164½ in modest trading. The metal opened at $164-165, its best of the day, and closed at its lowest.

The Krugerrand continued its downtrend in relation to gold, with the premium on it over its gold content falling to 10¼ per cent., in domestic dealings, from Tuesday's 12$\frac{1}{16}$, while in international dealings its premium eased to 3$\frac{1}{16}$ per cent., from 3$\frac{3}{16}$ per cent. The domestic (closing) price of £79½-80½ (compared with $80½-81½ overnight) was the lowest for several weeks.



GOLD MARKET

FOREIGN EXCHANGES

EXCHANGE CROSS-RATES

June 18	Frankfurt	New York	Paris	Brussels
Frankft'	—	2.325-335	58.56-65	6.45-45
N. York	42.72-82	—	25.08-10	2.869-87
Paris	170.525-1.05	3.9822-9830	—	11.455-46
Brussels	14.91-97	34.58-61	8.72-77	—
London	5.30½-31½	2.2725-35	9.06½-07½	79.25-45
Am'erdam	103.18-23	2.4082-87	30.405-455	6.9070-912
Zurich	108.55-60	2.469-491	62.44-63	7.1275-137

U.S. $ in Montreal. U.S. $=102.54-66 Canadian cents
Canadian $ in New York. $C1=97.58-58 U.S. cents
Sterling in Milan 1490.30

EURO-CURRENCY INTEREST RATES*

June 18 1975	Sterling	U.S. Dollar	Canadian Dollar
Short term	7¾-8¾	5-5½	4-5
7 days notice	8-9	5½-5⅝	5½-5¾
Month	9-9½	5-5½	7-7½
Three months	9¾-10½	5⅝-5⅞	7¼-7¾
Six months	10⅝-11½	6⅛-6⅞	7¼-7¾
One Year	12-13	7⅛-7⅝	8-8½

Euro-French deposit rate short-term 11-11½ per cent.; one-month 10½-10¾ per cent.; three months 9¾-9¾ per cent.; one year 9¾-9½ per cent.

Longer-term Eurodollar deposits two years 9¼-9¼ per cent.; four years 9-9½ per cent.; five years 9½-9½ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5$\frac{5}{16}$-5$\frac{5}{16}$ per cent.; three month 5¾-5⅞ per cent.; six month 6¼-6⅜ per cent.; one year 7$\frac{1}{16}$-7$\frac{5}{16}$ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two days' notice for guilders and Swiss francs.

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—92½% (89¼%).

NEW YORK

CANADA

GERMANY

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

SPAIN

TOKYO

PARIS

BRUSSELS

STOCKHOLM

MILAN

OSLO

SWITZERLAND

COPENHAGEN

FARMING AND RAW MATERIALS

Japan to boost wool imports

OSAKA, June 18.

JAPAN WILL substantially increase imports of raw wool in the season starting August to replace depleted stocks, according to the Japan Wool Spinners Association.

Japan will buy an estimated .3m. bales this season, including m. of Australian raw wool, compared with 1.35m. last season, the Association said.

The low level in the two seasons was due to an unusually large volume of 2.9m. bales bought in the preceding season when the Japanese wool textile industry was in a boom, it said.

The association said it hopes the industry will evenly spread its import purchases of raw wool because Australian wool prices rose whenever Japanese buying exceeded *30 per cent. of the* volume offered.

Peru anchovy fishing ended

WASHINGTON, June 18

ALL FISHING anchovies in Peruvian waters ended, as expected last Thursday, according to Peruvian sources here, reports Reuter.

After adding the amount caught during so-called "experimental fishing," which was continued after full-scale commercial activity finished on May 5, the total catch between January 1 and June 12 totalled .9m. tonnes, fractionally under the first season's declared catch of 3m. tonnes.

At recently-reported yields, a catch of 2.9m. tonnes should produce about 660,000 tonnes of fish meal and about 183,000 tonnes of fish oil.

There has been talk that the catch quota for the next season would also be set at 3m. tonnes. However, there are mounting indications the next catch will be limited to around 2m. tonnes to keep production in step with anticipated demand.

FALL IN COFFEE

By Our Commodities Staff

Coffee futures opened up to £8 a tonne lower on the London terminal market yesterday in line with a sharp fall overnight in New York. The September position fell £470 a tonne during the morning but later picked up to close £3 lower on the day at £474.25 a tonne.

The fall in New York was attributed to speculative selling inspired by the failure of roasters *to support the recent upward* movement.

The Mexican Coffee Institute has signed an agreement on Tuesday to sell China $1.2m. worth of coffee, reports AP-Dow Jones, from Mexico City.

'Severe' milk shortage warning—dairy chief

BY PETER BULLEN

BRITAIN IS facing a severe milk shortage this winter unless there is a major change in present trends, the president of the Dairy Trades Federation, Mr. Nicholas Horsley, *warned yesterday*.

He told Mr. Fred Peart, the Minister of Agriculture, at the Federation's annual luncheon in London that the milk supply situation was "pretty grave."

Dairymen needed an urgent and substantial improvement in their Government-controlled target rate of profit of 2.4p per gallon. The cost of re-equipment and re-investment was outstripping even the unprecedented rate of inflation, he said.

Dairymen appreciated the country's present serious economic situation which would lead to the Government being forced to cut public expenditure. If food subsidies were to be removed he appealed for the cuts to be made slowly to avoid severe disruption in the industry.

The Minister of Agriculture admitted that instead of milk output expanding there had been *a decline in the last two years* which had to be reversed.

"Some people have asked how one reconciles expansion in the U.K. with the need to avoid surpluses in the Community. Frankly I see no contradiction," said Mr. Peart.

"Thanks to the structure of our industry, the size of our herds and the suitability of our climate, *our dairy sector* is among the most efficient in the Community. It is, therefore, in the interests of the Community as a whole that our milk production should increase and that measures designed to achieve a better balance between supply and demand within the Community should not discourage efficient producers. Our approach to the current stock-taking of the Community's agricultural policy takes account of this," said the Minister.

● The decline in Britain's milk output will be a major item to be discussed by the Milk Marketing Board at its monthly meeting to-day. Figures to be presented to the Board will show that last month's output was down to 251.6m. gallons—6m. less than in May, 1974. The drop in the size of the national dairy herd; fewer cows being artificially inseminated; lower average milk yields following restricted feeding regimes last winter and prospects of tight feed supplies this coming winter, are all combining to underline the warnings of impending shortages of home produced dairy products and milk.

More grain crop estimates cut

WASHINGTON, June 18.

U.S. AGRICULTURE Department (USDA) specialists have pared down their estimates of 1975 grain production in Australia *and Argentina because of bad* weather, reports UPI.

However, the Department also noted that the 1975 U.S. maize crop, which could reach a *record* total of up to 167m. tons if the weather stays good, continued to develop ahead of normal in most major States. The potential crop would be up 26m. to 48m. tons from 1974.

The report on Australian and Argentinian crops came on the heels of a new estimate last week trimming 10m. tons off the Agriculture Department forecast of 1975 Soviet grain production. This left the estimate about 5m. tons above the 1974 Soviet harvest.

In to-day's report, officials said: "Australia's 1975-76 wheat prospects have continued to deteriorate because of dry weather and the harvest due late this year may be 2m. tons below last year's crop. As a *result*, 1975-76 *exports* may be 3m. tons below the 1974-1975 estimate of 9.3m. tons.

Argentine maize and sorghum forecasts also have been cut because of poor weather. The maize crop may be as low as 7.3m. tons, down 25 per cent. from last year. Sorghum output could drop to 3.5m. tons, down a third from 1974.

In addition, the report pointed to increased demand for feed grains in the U.K. where livestock feeding in the year beginning this autumn is expected to increase about 10 per cent. Experts said British purchases of American maize and sorghum will rise about 900,000 tons, up 70 per cent. from the depressed 1974-75 level.

USDA officials are meanwhile seeking White House permission to promote a major reform in grain inspection procedures, Government sources said.

Under existing law, grain inspection is carried out by a group of designated agencies, including 23 State agencies and 88 private firms. In the wake of recent *charges of corruption in grain* handling and inspection, the officials reportedly want to propose legislation under which all inspection would be handled by public employees.

Norway fish limit talks

BY MALCOLM RUTHERFORD

NORWAY HAS agreed to hold further international discussions before deciding whether to go ahead with its plans to declare a 50-mile fishery limit before the end of this year. This emerged yesterday from talks in London between Mr. James Callaghan, the British Foreign Secretary, and the Norwegian Foreign Minister, Mr. Knut Frydenlund.

Mr. Frydenlund told a Press conference *that the Norwegian* Cabinet would be taking a decision on the fishing limits some time this summer after it had studied reports from the Minister with special responsibility for fishing matters, Dr. *Jens Evensen*.

Dr. Evensen recently held talks on the subject in London, Moscow and Reykjavik. He is at present in Canada and going on to the U.S. These countries have been singled out because, Britain apart, they are *the most* likely to take unilateral action on extending fishing limits following the failure of the Law of the Sea Conference to reach an international agreement in Geneva last month.

The Norwegian Government has said it wants to introduce a 50-mile limit this year and move towards a 200-mile limit soon after. Unilateral action by Norway would almost certainly compel Britain to follow suit, if only to prevent third country fishing vessels being diverted to traditional British waters.

The British position is that all countries should wait till the outcome of the next round of the Law of the Sea Conference in New York next March. It was agreed yesterday that there will be further Anglo-Norwegian contacts both at official and ministerial level. The Norwegians are toying with the idea of a conference of the main nations involved in North Atlantic fishing, but there are as yet no firm plans.

U.S. copper producers cut prices

By John Edwards, Commodities Editor

A CUT in the U.S. domestic copper price announced by two leading producers—Asarco and Phelps Dodge—had little impact *on the London Metal Exchange* yesterday. LME values in fact moved up sharply in early trading but profit-taking in the afternoon meant that closing prices showed a small loss, with cash wirebars down by £2.75 to £520.75 a tonne after trading at over £528 earlier in the day.

The cut of 3 cents to 60 cents a pound in the U.S. producer price was in fact a rather smaller reduction than anticipated and the market opened on a firm note following the trend in New York overnight. The firmer tone was also encouraged by a report from Tokyo that efforts *were continuing to arrange* special financing for stockpiling surplus copper in Japan, although there was some apprehension about the continued build up in stocks held by Japanese smelters. Profit-taking in the afternoon, however, erased all earlier gains.

Lead prices advanced again on some persistent buying that some dealers though might be on behalf of producers resuming their support of the market after an interval in which the market declined sharply.

Sugar price fall continues

WORLD SUGAR values declined *again yesterday in the face of* continued expectations of a bumper European beet crop. The London daily price was cut £5 to £133 a ton—the lowest level since mid-December 1973—while the October terminal market *position* ended £4.375 lower at £126.375 a ton.

Concern over weather damage to crops in Cuba, Dominica and Brazil, which will be harvested early next year, was a supporting factor for the distant positions and these are now at a premium to some nearer delivery months.

●Sucres et Denrees has agreed to supply Iran with 75,000 tonnes of sugar a year for four years, a *company spokesman said, reports* Reuter from Paris.

He said the deal requires the approval of the EEC Commission and the price will be negotiated by the Commission and the parties concerned. These details are expected to be settled by the end of July.

PLANT BREEDING

Fight against threat to Ghana cocoa crop

BY MARY CHERRY

WHEN THE Ghanaian Ministry of Cocoa Affairs was established a few months ago it inherited an urgent problem. Its seed gardens, upon which cocoa *growers rely for new tree* material for re-planting, will last only about another 10 to 15 years and, since a new garden takes about eight years to mature, this means that such gardens will have to be planted within about *three or four years time*.

It is generally agreed that the new seed gardens should not perpetuate the Amelonado type of cocoa—which is virtually the exclusive commercial type in Ghana to-day—in view of the great extent to which this has succumbed to the serious swollen shoot virus disease during the past 30 or 40 years. So there *is an urgent need to speed the* introduction and development of more tolerant or resistant types of cocoa.

Specific task

Spear-heading the current work are a team of British plant breeders, and supporting scientists, who have been working at the Cocoa Research Institute of Ghana, at Tafo, for about six years. Their specific task is to produce cocoa varieties which are resistant to swollen shoot virus. The work is funded by the British Ministry of Overseas Development who have put some £370,000 into the project to date.

Swollen shoot disease is an *increasing problem in other* West African countries, particularly Nigeria and Togo, but, to date it has taken its worst toll in Ghana. It has devastated the crop in the Eastern Region, the main cocoa producing area of the country. In the middle 1930's this area supplied 120,000 tons a year, by the early 1950s the figure was down to 40,000 tons and, since then, it has *continued* to plummet.

In 1940 it was discovered that the trouble was caused by a virus which spread from the forest trees into cocoa and was being carried from tree to tree by mealybugs. A Government policy of cutting out diseased trees was put into effect in 1946. By 1959, a million trees a month were being cut out and to date over 150m. trees have been *destroyed of which over 100m* have been in the important Eastern Region.

However, the effectiveness of this policy in controlling swollen shoot virus disease has been severely limited both by the problems of locating all infected trees and by changes of government and policy over the years which have meant that the cutting out has not always continued assiduously.

Amazon types

The problem can be held in check now only by the widespread *introduction of a variety* of cocoa which will grow vigorously, yield early in its life and escape the ravages of the *disease for a commercially* acceptable period. Such qualities, it seems, are to be found in some hybrid varieties created by taking plant material brought from the Upper Amazon area of Brazil and Peru and crossing it *with existing "female" trees*.

In the early 1940s, some Upper Amazon varieties were brought into Ghana because of their potential for higher yield and earlier cropping. The British research team at Tafo have screened these and found some resistance to the virus. Additional material of Upper Amazon origin is being brought *in via quarantine at the Common*wealth Micological Institute at Kew Gardens.

In the first phase of their work, the British team have been looking for Upper Amazon types with reasonably good resistance to the disease which, by means of hand-pollination, can be used as the male parent to produce hybrids in existing seed gardens. As a result, it is likely that seed of new progenies will begin to become available for farmers in 1977 or 1978. These are likely to be far more resistant to swollen shoot virus than any cocoa varieties that have previously been available in Ghana and to start *cropping in three or four years* instead of six to seven years as is the case with Amelonado.

However, this new material will by no means be completely resistant to the disease and it is envisaged that in the next phase of the work introduced plant material will be used to produce better female parents for use in seed gardens. Work is progress*ing along these lines*.

Parallel with this plant breeding work, other research is going ahead to study the habits and possible control of the vectors, the mealybugs. Chemical control seems to be impractical because the mealybugs would not be reached effectively by contact sprays, while the use of systemic chemicals could lead to *taint and other problems asso*ciated with a crop for human consumption.

Meanwhile, biological control is unlikely to be successful because the mealybugs, although plentiful enough to spread the virus, are not present in sufficient numbers to sustain a predator. However, the bugs are happier on some trees than *others — that is to say they* multiply more on some trees than others — and this could be an indication of the possibility of breeding trees which are not attractive for the mealybugs.

The future

Another problem in the fight against swollen shoot virus is that the varieties which show most resistance appear to be particularly prone to another important disease called black pod. However, in the case of the latter, there is scope for reducing losses by improved management of the trees, use of chemical sprays and more frequent harvesting.

So the future of Ghana's cocoa production is now heavily dependent upon successful and relatively *rapid progress in plant* breeding followed by an understanding and adoption of good management practices suited to the new hybrid varieties.

Exchange decision delay

HONG KONG, June 18.

THE HONG KONG Legislative Council has adjourned for two weeks a debate on the establishment of a commodity exchange, a Government spokesman said.

*Last week a majority of un*official councillors, members who do not hold Government positions, indicated they would vote against the motion.

Reuter

JAPANESE COCOA FIGURES DELAYED

TOKYO, June 18.

The Japanese Chocolate and Cocoa Association said announcement of Japan's first quarter 1975 cocoa grindings statistics, expected early this week, has been postponed until next week,

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	527.5 8.5	+5.25	520.5 1	-2.75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3055 60	+8.5	3035 8	-15.5
3 months	3068 70	+11	3052.5	-9
Settlement	3060	-5	—	
Standard				
Cash	3055 60	+8.5	3035 8	-15.5
3 months	3068 70	+11	3052.5	-9
Settlement	3060	+5	—	
Straits E.	15-37		—	
New York	—		342.75	

[illegible] owing to short-covering before retreating to £312 on the afternoon Kerb. Turnover 5,275 tonnes.

Morning: cash £330, three months £317, 16.5, 16. Afternoon: three months £314, 15, 16 in 15. Kerb: three months £312.

SILVER

Silver was fixed 0.70p an ounce higher for spot delivery in the London bullion market yesterday at 197.55p. U.S. cent equivalents of the fixing prices were: [illegible]

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SUGAR

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

FREIGHTS

[illegible]

GRAINS

[illegible]

MEAT/VEGETABLES

[illegible]

Apricots—Spanish: Per 11 lbs 1.30-1.50. Peaches—Spanish: Trays C's to A's 2.00-2.30; Italian: 11-trays 2.20-2.50. Japanese Plums — Spanish: Per pound 0.20. Tomatoes—Dutch: 2.00; Jersey: 2.00; Guernsey: 2.00. Carrots—French: Nantes 22 lbs 2.90-3.10; Cyprus, 3.30. Courgettes—Kenyan: Box 6 lbs 1.40; Cyprus: 1.00-1.20. Potatoes — Jersey: Per pound 0.06; French: Per 55 lbs 3.40-3.50; Cyprus: 4.10; [illegible]

COTTON

[illegible]

JUTE

[illegible]

LONDON—Quiet: Bangladesh White "C" grade June-July £200. "D" grade June-July £192. A long ton.

CALCUTTA—Steady. Indian June Rs.460 value, Dundee Daisee June Rs.435 value. A bale of 400 lbs.

*

COPRA—Philippines: June and Aug. $225 resellers per tonne c.i.f. North European ports.

Chicago gold trading hours extended

CHICAGO, June 18.

FROM JUNE 23 gold futures trading on the Chicago Board of Trade will open with month-by-*month calls at 0825 central day*light time (CDT), 20 minutes earlier than at present.

The close *remains* at 1330 CDT, except on the last trading day of an expiring contract when it is at noon.

New York Comex and the International Monetary Market of the Chicago Mercantile Exchange have *already announced earlier* opening.

Reuter

INDIA TO BUY THAI RICE

BANGKOK, June 18.

India has agreed to buy 100,000 tonnes of 15 *per cent. parboiled* Thai rice for June/September shipment this year, a Government source said.

The agreement was concluded on a Government-to-Government basis. No unit price was given but the deal was worth 470m. Baht (£10.14m.), the source said.

Reuter

PRICE CHANGES

Prices per ton unless otherwise stated.

	June 17 1975	+ or —	Month ago
Metals			
Aluminium	£596		£583
Free market cif	£290-305	+2.5	£275-285
[illegible]	[illegible]	[illegible]	[illegible]

GRIMSBY FISH—Supply good, demand fair. [illegible]

FINANCIAL TIMES

June 18	June 17	Month ago	Year ago
155.49	155.60	162.65	208.16

(Base: July 1, 1952=100)

REUTER'S

June 18	June 17	Month ago	Year ago
1067.3	1061.5	1081.5	1249.3

(Base: Sept. 18, 1931=100)

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Profit-taking depresses grains

NEW YORK, June 18.

SILVER finished lower in featureless trading while copper fell on trade and Commission House selling. Cocoa made new life of contract lows on renewed speculative selling. Sugar declined on trade selling. Chicago grains closed lower across the board on profit-taking and light hedge selling, Bache reports.

[illegible]

STOCK EXCHANGE REPORT

Equity leaders drift down in extremely quiet trading

Share index down 4.6 at 326.0—Golds improve

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 2	Jun. 12	Jun. 13	Jun. 24
Jun. 16	Jun. 26	Jun. 27	July 8
Jun. 30	July 10	July 11	July 22

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

With interest restrained pending the outcome of the crucial railway pay negotiations, business in stock markets was down to a trickle yesterday. Apart from short-dated stocks which ended a fraction harder, British Funds were barely tested and closed without alteration. In contrast, leading industrials drifted downwards on scattered small offerings and, with buyers still extremely reluctant, the FT 30-share index gradually eased to close at the day's lowest with a fall of 4.6 at 326.0, *making a loss of 14.6 over the last three trading days.*

Elsewhere, a handful of companies making trading statements provided the main source of interest. Breweries provided contrasting features in Guinness, up 6 at 112p in response to better than expected interim figures, and Whitbread "A," 4½ to 58p on disappointment with the results. Other noteworthy movements included Avon Rubber, 14 lower at 42p on the half-time loss and interim dividend omissions.

Overall, the trend was to slightly lower levels, but price changes were few and far between. The fact that our Active Stocks list included a couple of stocks in which only five bargains were recorded is a clear indication of yesterday's slack trading conditions.

British Funds idle

Awaiting news of the resumed rail talks, even less interest was being shown in British Funds than on Tuesday. Perhaps encouraged by the steadier course of sterling, short-dated issues made some small improvement but after-hours were looking a shade easier, a tendency which then became evident in the mediums and longs. Treasury 3½ per cent., 1979/81, exceptionally rose ½ to 73½ on demand from surtax payers dealing clean of dividend ahead of the ex dividend date.

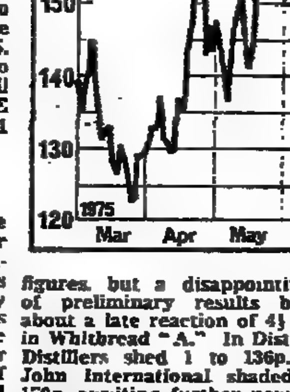
Early offerings released by overnight U.S. activity in gold shares initially lowered the investment currency premium to 88½ per cent., but at this level demand revived and the rate improved rather quickly in thin trading to close a net 3½ points up at the day's highest of 92½ per cent. U.S. stocks were dull, IBM losing 6 to £148 in line with overnight Wall Street advices. Yesterday's SE conversion factor was 0.5991 (0.5990).

Banks down again

From the start of business the big four Banks continued their downward drift as buyers continued to wait on the sidelines until the outcome of the rail-pay negotiations. Closing at the day's lowest with falls of 10 were Lloyds and National Westminster both at the common level of 245p, while Barclays and Midland were similarly cheaper at 295p and 265p respectively. Bank of Scotland remained friendless at 250p, down 5. Irish issues perked up, however, improvements of 4 and 5 respectively being seen in Allied Irish, 116p, and Bank of Ireland, 445p. Hong Kong and Shanghai declined 7 to 233 in Foreign banks. Hambros hardened 5 to 170p in little-changed Merchant banks. Cattle's (Holdings) were unmoved at 23p despite the slightly better-than-expected interim results.

Composite Insurances closed easier throughout on lack of support. Commercial Union, 172p, and Guardian Royal Exchange, 207p, both eased 2.

News items provided the main source of interest in Breweries. Arthur Guinness firmed 6p to 112p, after 113p, following the better-than-expected interim



figures, but a disappointing set of preliminary results brought about a late reaction of 4½ to 58p in Whitbread "A." In Distilleries Distillers shed 1 to 136p. Long John International shaded 2 to 170p, awaiting further news from Whitbread on the bid situation, but Invergordon hardened a penny to 26p following the results.

Marchwiel provided a bright spot in Buildings at 82p, up 4. Aberdeen Construction hardened 2 to a 1975 peak of 65p and Parker Timber improved 3 to 38p. H. C. Janes ended unchanged at 128p, after 128p, following the preliminary figures. Redland, however, gave up a penny more at 83p following Press comment on the "rights" issue and results. Sharply lower earnings left Brownlee 1½ cheaper at 27p, while Tarmac shed 2 to 125p despite the chairman's encouraging remarks at the annual general meeting.

Small selling and the lack of any buying interest left Chemicals with a fairly lengthy list of falls. ICI closed 3 cheaper at 282p, after 281p, while similar declines were marked against Anchor, 35p, and Laporte, 89p.

EMI erratic

Electrical leaders tended to close modestly easier. Further Press comment on the company's X-ray scanner brought an initial improvement to 179p in EMI, but the shares subsequently reacted to 175p for a net loss of a penny. GEC finished 3 off at 121p and Plessey 2 cheaper at 69p, after 68p.

Stores closed little changed following a light trade. British Home Stores remained on offer, falling 4 further to 326p for a two-day loss of 9; we apologise for the price and change shown in yesterday's issue. Maple Macowards encountered another good turnover which left the shares a fraction better at 13½p. Cope Sportswear hardened 2 to 24p. W. H. Smith "A" were 6 easier at 388p and Spencer Turner 3 off at 72p.

News items were often responsible for moderate features in Engineerings. Still reflecting the first-half upsurge, Weyburn jumped 17 to 221p, while James H. Dennis rose 4 to 27p on extremely good interim results and Westland, on the higher dividend forecast, gained 2 to 49p, after 50p. Further influenced by the record profits and proposed "rights" issue, GEI International hardened 1 to 52p, but Serck, which also announced a "rights" offer, stayed at 36p. Peak half-yearly figures helped CompAir improve 1 to 71p, but profit-taking after the preliminary results lowered Daniel Doncaster 2½ to 44½p and Leon Berner fell 2 to 10p following the poor interim showing. Anderson Strathclyde lost 6 to 142p and Glynwed 2 to 84p, but Hall moved up 6 to 175p and Spear and Jackson 4p to 94p. Renewed optimism about a revised higher offer from SKF took Sheffield Twist up 3½ to 91½p. Swan Hunter, in Shipbuildings, slipped 4 to 68p.

Tate and Lyle were a prominent dull feature in Foods at 239p, down 10, in front of to-day's interim statement. Already easier at 132p ahead of the results, Cavenham reacted afresh to close 7 cheaper on balance at 127p on the profits setback. Fitch Lovell eased 2 to 38p as did J. Sainsbury to 160p. Falls of around 3 were sustained by A. G. Barr, 95p, and Meat Trade Suppliers, 64p, but small buying raised Alpine Soft Drinks 3 to a 1975 peak of 80p. Awaiting to-day's interim report, Matthews Holdings held at 53p. Supermarkets had a dull feature in Tesco which closed 2 easier at 46½p despite the better-than-expected preliminary figures.

Prince of Wales Hotel dropped 9 to 40p on the trading loss, while J. Lyons "A," ahead of to-day's preliminary results, closed a penny cheaper at 165p.

Avon Rubber weak

The downward drift in miscellaneous Industrial leaders continued yesterday during another small business. Glaxo new shares again attracted a reasonable amount of interest and finished a little above the day's worst at 160p premium, down 5 more, with the "old" 6 cheaper at 362p. Beecham retreated 9 to 284p and Boots 5 to 237p, while declines of 4 occurred in Bowater, 161p, and Metal Box, 367 xd. Elsewhere, Avon Rubber were particularly weak, falling 14 to 42p on the half-year loss and passed interim dividend. Reduced profits caused a reaction of 5 to 75p in Wm. Lawrence, while the interim report left Lindustries 3 off at 53p. Trafalgar House receded 5½ to 98p and Johnson Matthey ended similarly easier at 268p. Sealed Motor Construction responded to the increased offer (currently worth 49p) from Myson Group with a rise to 48p, but later came back to 43½p for a net gain of 3; this compares with the recommended rival bid of 40p of Loan stock from Adwest, a penny better at 124p. Sketchley gained 2½ more at 83p helped by Press comment on the preliminary statement while, also on preliminary reports, Unerman added 3 at 38p and Rexmore 3 at 34p. Incledon and Lamberts put on 2 to 47p ahead of to-morrow's results.

Dealings in Heenan Spark, 4½p, were temporarily suspended at the company's request pending clarification of the company's financial position.

Motors and Distributors were idle and little changed. British Leyland closed marginally better following publication of the proposed scheme of arrangement to implement the Government's proposals for the future of the company, the Ordinary closing a fraction better at 9p and the Convertible finishing the turn harder at £41½.

Land Secs. react

Property leaders lost ground in slack trading. After Tuesday's advance of 10 in response to the preliminary results and property revaluation, Land Securities reacted 6 to 173p. MEPC receded 5 to 120p and English Property 4 to 75p, but Amalgamated Investment and Property held steady at 40½p. An easier trend was also apparent in secondary issues but Bernard Sunley contrasted with an improvement of 4 at 142p. Property and Reversionary "A" lost 3 to 175p following the preliminary statement, while Haslemere Estates, in front of to-day's results, softened 2 to 214p. Chown Securities, 22p, gave up 3 of the recent speculative rise, while A. and J. Mucklow retreated 10 to 130p in a thin market. Declines of 3 were recorded in Wagford Investments, 175p, Stock Conversion, 155p, and London and Provincial Shop Centres, 62p.

Oils met with the smallest business for some considerable time and although British Petroleum hardened 2 to 535p, after 530p, the remainder gave a little ground. Shell were finally 4 easier at 313p and Ultramar 3 lower at 205p. The rally in the investment currency premium came too late to help Royal Dutch, which eased ¼ to £27¾. Comforted by the chirman's confidence at yesterday's annual meeting, British-Borneo improved 2 to 146p. Elsewhere, Ranger shed ½ to £13½ on Canadian influences, but Pan Ocean picked up 20 to 840p.

Overseas Traders were inclined to harden, but Lonrho were a dull exception, reacting to 130p on small professional selling before ending a net 8 down at 132p. S. and W. Berisford put on 2 to 136p ahead of to-day's half-time figures.

Tuesday's irregular pattern was repeated in Trusts and Financials. Lubok 12 per cent. Convertible gained 6 points to £171 but Edinburgh Industrial reacted 2 to 16p.

Up 8 on Tuesday, British and Commonwealth repeated the rise to 169p on buying ahead of to-day's results. Also in front of preliminary figures, Caledonia Investments gained 6 to 132p.

Lack of support again provided the main reason for a fresh decline of 3 to 122p in Courtaulds, while Press comment on the Board's dividend proposals caused Coats Patons, at 47p, to lose half of the previous day's gain of 4. Shaw and Marvin eased a penny to 4p following the passing of the final dividend and sharply reduced preliminary profits.

Bats drifted 3 lower to 313p in Tobaccos where Siemssen Hunter were marked 2 lower to 24p on the chairman's annual report.

More interest was shown in Teas which closed mixed. Assam Frontier hardened 4 to a 1975 "high" of 88p but Bandanga shaded 2 to 36p. Rubbers also tended irregular with Guthrie a penny dearer at 199p and Kuala Lumpur Kepong 2½ easier at 35½p.

Platinums see-saw

Further Cape demand caused a fresh flurry in Platinum shares. Renewed buying again found the London market short of stock in places and prices rose sharply before gains were later pared by local profit-taking. Unions and Waterval both touched 1975 highs of 205p before ending 15 up on balance at the common price of 190p. Potgietersrust ended 1 off at 225p after 235p.

The firmness of their trans-atlantic counterparts overnight put Gold shares higher here initially and, despite the modest decline in bullion, share prices either maintained or improved on the earlier levels. Cape offerings were well absorbed by Continental and U.S. buying and the Gold Mines index added 8.7 at 378.7. The metal price ended 25 cents off at $164 per ounce.

Movements in Financials were irregular. The London-based issues turned easier during the afternoon, with Charter (170p) and Gold Fields (245p) both losing 6. On the other hand, De Beers put on 7 at 305p and "Johnnies" were ½ to the good at £26½.

Following news that the hoped-for go ahead decision for the big Agnew nickel prospect in Western Australia has had to be deferred owing to the ravages of inflation coupled with a depressed market for the metal, Selection Trust were 25 down at 613p.

Its partner at Agnew, MIM Holdings, however, added 10 at 203p encouraged by the turnround in home markets overnight in Sydney and Melbourne which was followed here. Selcast were unaltered at 28p.

Further consideration of the one-for-two offer from Western Mining put Gt. Boulder 10 higher at 82p; WM rose 12 to 169. Poseidon gave up 15 at 335p reflecting the one-for-one "rights" issue news and the forecast loss for the current year.

Coppers moved higher where changed but Tins eased. Elsewhere, RTZ fell 8 to 174p: the first delivery of oil from the Argyll field in which the company has a 25 per cent. stake was made yesterday at the Isle of Grain.

FINANCIAL TIMES STOCK INDICES

	June 18	June 17	June 16	June 13	June 12	June 11	A year ago
Government Secs.	58.09	58.09	58.14	58.22	57.56	57.60	56.27
Fixed Interest	57.57	57.54	57.59	57.43	57.22	58.01	55.76
Industrial Ordinary	326.0	330.6	335.5	340.6	334.7	334.2	268.0
Gold Mines	378.7	370.0	369.4	379.9	386.4	378.7	323.2
Ord. Div. Yld. %	6.17	6.09	6.00	5.85	5.92	5.94	7.75
Earnings Yld. % (full) (a)	18.23	17.99	17.75	17.45	17.78	17.80	20.04
P/E Ratio (net) (a) (b)	7.82	7.93	8.04	8.18	8.05	8.02	7.04
Dealings marked	6,745	5,698	5,859	6,334	6,706	6,729	†6,617
Equity turnover £m.	—	50.07	48.66	83.58	77.73	68.28	42.63
Equity bargains total	—	†13,642	14,266	18,062	18,460	18,283	13,196

10 a.m. 329.0. 11 a.m. 328.4. Noon 328.5. 1 p.m. 328.2. 2 p.m. 327.3. 3 p.m. 327.5.

Latest Index 01-246 8026. † Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.77.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/3)	50.63 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.3 (5/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 18	June 17
Daily—		
Gilt-Edged	136.5	135.4
Industrials	205.0	199.1
Speculative	46.1	50.0
Totals	130.8	130.0
5-day Av'rge		
Gilt-Edged	131.9	133.2
Industrials	210.1	215.0
Speculative	51.4	53.0
Totals	138.1	142.6

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity Groups	Wed. June 18, 1975 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Tues. June 17 Index No.	Monday June 16 Index No.	Friday June 13 Index No.	Thurs. June 12 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	119.76	-0.8	19.58	5.66	7.55	7.55	120.75	122.20	121.75	119.58	95.15	131.86 (6/6)	51.78 (6/1)	206.37 (4/5/72)	15.70 (13/12/74)
2	Building Materials (30)	101.89	-0.8	[illegible]	7.71	7.87	7.87	102.72	104.25	105.03	101.02	94.59	117.40 (22/4)	45.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	226.65	-0.5	17.12	3.93	8.73	8.73	227.23	230.85	225.41	225.42	152.96	251.61 (25/4)	74.74 (6/1)	389.35 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	214.55	-1.7	17.55	5.50	8.22	8.20	218.58	219.77	223.55	214.88	169.12	234.64 (6/6)	96.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	144.39	—	24.53	7.49	6.22	6.22	144.57	146.49	145.69	142.54	100.56	159.79 (22/4)	64.39 (2/1)	202.57 (2/6/73)	64.39 (2/1/75)
6	Engineering (General) (65)	106.20	-0.4	20.66	7.55	7.10	7.09	106.65	107.96	107.15	106.14	76.75	117.40 (6/6)	45.43 (6/1)	168.56 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (11)	42.48	+0.8	14.46	8.37	12.49	12.49	42.15	42.59	42.21	42.41	32.15	46.98 (20/5)	20.11 (2/1)	136.70 (4/5/64)	19.96 (13/12/74)
8	Miscellaneous (23)	109.42	-0.9	[illegible]	7.15	6.55	6.55	110.47	112.11	112.00	111.91	86.93	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	85.99	-0.3	[illegible]	7.14	6.97	6.96	86.27	86.95	86.46	85.62	80.38	93.15 (6/6)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	99.25	+0.5	20.58	5.22	7.14	7.13	98.74	99.55	98.91	97.11	93.76	106.34 (6/6)	44.28 (6/1)	257.41 (10/5/72)	42.86 (13/12/74)
11	Household Goods (15)	131.56	-0.6	32.78	[illegible]	4.43	4.45	132.25	135.18	133.96	134.45	132.71	146.90 (25/4)	64.53 (6/1)	265.22 (4/6/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	[illegible]	-1.4	17.75	9.57	8.82	8.77	47.27	47.65	47.19	47.04	41.21	50.91 (6/6)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	155.30	-0.8	14.91	6.11	[illegible]	9.53	156.38	157.64	157.10	154.80	100.28	148.45 (6/6)	61.98 (6/1)	226.06 (16/6/72)	61.41 (13/12/74)
14	Breweries (16)	149.95	-0.8	13.34	6.62	11.22	11.22	151.09	155.35	152.62	150.27	115.59	165.83 (6/6)	75.58 (6/1)	281.87 (22/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	163.00	-0.1	13.31	5.76	10.66	10.66	162.91	164.14	162.31	159.94	123.63	176.43 (6/6)	80.42 (6/1)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	148.65	+0.1	[illegible]	7.56	9.88	9.88	148.57	148.41	145.15	145.09	112.25	158.44 (27/5)	56.28 (6/1)	329.99 (12/12/72)	54.63 (6/1/75)
17	Food Manufacturing (22)	146.14	-0.5	14.26	5.37	9.60	9.65	146.86	148.47	148.74	145.37	100.69	156.57 (6/6)	62.05 (2/1)	211.66 (14/11/72)	59.67 (11/12/74)
18	Food Retailing (16)	155.01	-1.7	11.55	4.67	12.78	12.78	157.59	157.75	156.30	154.67	90.56	149.17 (4/6)	57.15 (2/1)	235.08 (16/2/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	141.17	+0.4	16.92	6.77	[illegible]	[illegible]	140.61	142.32	142.45	140.21	125.66	152.14 (6/6)	55.08 (6/1)	260.29 (13/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	96.27	-0.8	25.05	7.10	5.89	5.90	97.04	97.69	97.75	96.57	69.05	107.12 (20/5)	45.45 (6/1)	135.69 (28/4/72)	45.45 (6/1/75)
21	Stores (30)	119.08	-0.2	11.53	5.42	12.90	12.89	119.88	121.57	122.22	120.77	82.19	132.94 (26/5)	52.63 (6/1)	204.59 (16/8/72)	52.63 (6/1/75)
22	Textiles (19)	134.44	-2.3	26.00	7.05	4.59	4.45	137.66	135.76	136.37	132.09	109.15	145.07 (27/5)	62.91 (6/1)	255.72 (17/3/69)	62.56 (11/12/74)
23	Tobacco (3)	185.19	-2.3	17.88	7.19	[illegible]	8.32	189.35	190.50	187.80	184.26	167.15	199.16 (10/5)	109.92 (6/1)	339.16 (2/2/72)	94.34 (13/6/62)
24	Toys and Games (6)	42.07	+0.9	30.02	7.33	4.66	4.66	41.68	41.66	41.49	40.65	38.29	44.08 (6/6)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (24)	174.69	-1.4	20.16	5.19	7.10	7.10	177.05	178.57	179.68	176.51	125.24	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.20 (11/12/74)
26	Office Equipment (10)	87.60	-0.8	16.51	5.06	[illegible]	8.25	88.30	88.20	87.46	88.74	95.64	104.78 (17/4)	45.54 (2/1)	246.86 (1/3/72)	45.34 (2/1/75)
27	Shipping (12)	346.97	-0.5	25.01	6.93	6.55	6.57	345.22	349.48	350.37	343.50	311.58	401.84 (10/3)	194.58 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	139.99	-1.2	18.67	7.00	7.66	7.65	141.68	142.77	142.44	139.90	111.56	153.58 (6/6)	60.39 (6/1)	258.63 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	131.84	-0.9	17.51	6.24	8.22	8.19	133.08	134.33	134.02	131.84	101.78	143.45 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	287.09	-0.4	25.63	6.29	4.19	3.90	288.15	286.00	285.00	280.95	195.18	296.47 (4/6)	105.83 (2/1)	451.66 (28/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	144.88	-0.8	18.76	6.09	7.16	7.01	146.06	147.03	146.66	144.32	109.74	156.14 (6/6)	65.49 (6/1)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	136.29	-1.3	—	5.50	—	—	138.10	139.06	138.17	137.65	98.13	148.40 (30/5)	56.50 (6/1)	241.41 (1/5/72)	55.88 (13/12/74)
33	Banks (6)	160.31	-3.5	25.06	4.91	6.45	6.45	165.80	169.06	168.79	167.35	117.50	177.11 (6/6)	62.56 (2/1)	288.52 (30/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	146.56	-1.4	—	8.23	—	—	148.47	148.04	147.72	149.19	120.77	169.27 (7/5)	84.16 (6/1)	293.14 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	91.07	—	27.41	10.06	[illegible]	4.46	91.07	90.22	91.54	87.67	178.88	154.39 (1/3)	42.81 (6/1)	443.72 (4/5/72)	38.85 (11/12/74)
36	Insurance (Life) (9)	110.71	-0.5	—	6.17	—	—	110.11	111.20	110.77	110.41	80.57	127.97 (25/4)	44.88 (2/1)	194.46 (12/6/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	112.22	-0.7	—	5.87	—	—	113.00	113.86	112.36	112.04	67.06	125.80 (20/5)	44.47 (2/1)	155.75 (21/4/72)	43.96 (16/12/74)
38	Insurance (Brokers) (8)	194.37	-0.2	10.47	4.36	14.30	14.30	193.94	195.29	195.51	195.26	185.09	211.50 (21/5)	68.96 (2/1)	262.57 (12/12/55)	65.86 (16/12/74)
39	Merchant Banks (19)	84.79	-0.3	—	7.44	—	—	85.06	85.74	86.26	86.30	88.70	94.97 (7/5)	31.21 (2/1)	278.37 (1/5/72)	31.21 (2/1/75)
40	Property (32)	187.22	-0.9	3.91	[illegible]	37.91	36.57	188.97	186.25	184.06	183.27	122.52	241.22 (22/4)	56.19 (6/1)	357.40 (4/1/74)	56.01 (20/4/65)
41	Miscellaneous (5)	75.56	-0.2	15.55	8.91	10.74	10.62	75.74	75.38	75.05	72.84	78.60	75.78 (25/4)	34.78 (15/1)	303.13 (12/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	165.70	-0.4	3.06	4.20	32.70	32.70	166.30	166.65	168.34	166.95	114.19	178.53 (6/5)	73.45 (6/1)	245.79 (25/4/72)	71.64 (13/12/74)
43	ALL-SHARE INDEX (650)	143.27	-0.9	—	5.82	—	—	144.52	145.59	145.10	143.21	106.80	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	421.78	-0.6	12.40	7.60	9.62	9.21	424.21	431.66	440.52	454.66	331.92	325.43	281.66	388.57	94.68
45	Teas (10)	97.44	-0.6	19.76	9.92	6.43	5.95	96.98	97.29	97.56	96.72	97.53	[illegible]	[illegible]	[illegible]	59.72
46	Coppers (3)	407.19	-1.0	48.32	18.55	2.07	0.97	403.36	384.29	394.29	403.36	382.35	467.74	276.38	267.76	94.08
47	Mining Finance (11)	129.92	-0.2	8.38	4.07	11.62	11.58	129.66	131.89	134.09	134.19	92.31	141.34	[illegible]	[illegible]	66.31
48	Tins (5)	102.19	-0.3	[illegible]	8.11	12.90	11.08	102.47	104.85	104.77	105.12	63.15	114.49	[illegible]	[illegible]	54.85
49	Overseas Traders (13)	220.11	-0.2	15.92	4.10	7.99	7.97	219.69	222.16	221.71	218.20	—	252.25	[illegible]	[illegible]	97.47

	FIXED INTEREST	Wed. June 18 Index No.	Yield % †	Tuesday June 17	Monday June 16	Friday June 13	Thurs. June 12	Wed. June 11	Tuesday June 10	Monday June 9	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.71	14.71	14.70	14.68	14.90	14.89	14.67	14.66	14.94				
2	20-yr. Govt. Stocks (6)	47.22	13.71	47.24	47.28	47.35	46.63	46.65	47.45	47.42	48.43	55.09	38.27	115.42	38.27
3	20-yr. Red. Deb. & Loans (15)	45.76	16.07	45.74	45.75	45.79	45.77	46.11	46.24	46.26	46.06	50.68	37.01	114.34	37.01
4	Investment Trusts Prefs. (15)	41.63	16.65	41.58	41.58	41.63	40.87	40.73	40.73	40.76	39.66	44.80	34.45	114.81	34.45
5	Coml. and Indl. Prefs. (20)	58.26	15.13	58.08	57.70	58.42	58.51	59.36	59.34	59.57	57.91	66.86	47.67	114.87	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/70	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	10/1/70	144.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	162.76			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			
Food Manufacturing	29/12/67	114.13			

† Redemption yield. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 20p. Commemorative 32p. Foreign 22p. FT-Actuaries indices are calculated by Extel Communications Limited, a member of the Exchange Telegraph Group, on an [illegible] computer.

DENOMINATIONAL CHANGE: Associated Biscuit [illegible] Cumulative Preference has been denominated [illegible] Cumulative Preference.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
BP	£1	10	325	+2	535	190
Carless Cap. "New"	Nil/pd.	8	20*	—	21*	18½*
ICI	£1	8	282	−3	302	118
Selection Trust	25p	8	613	−25	695	322
Beecham	25p	7	284	−9	310	118
Boots	25p	7	237	−5	276	91
Land Securities	50p	7	173	−6	251	79½
Tate & Lyle	£1	7	239	−10	279	91
Barclays Bank	£1	6	295	−10	323	112
Marks & Spencer	25p	6	219	−3	238	85
RTZ	25p	6	174	−8	211	80
Shell Transport	25p	6	313	−4	343	118
Trafalgar House	20p	6	98	−5½	122	23
EMI	50p	5	175	−1	200	62
Fisons	£1	5	398	−3	418	134

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 10	Jun. 23	Sept. 4	Sept. 16
Jun. 24	July 7	Sept. 18	Sept. 30
July 8	July 21	Oct. 8	Oct. 14

"Calls" were dealt in Tricentrol, Keyser Ullmann, Thomas Tilling, Siebens Oil and Gas, Capital and Counties, Charter Consolidated, British Land, Burmah Oil and ICI. A "put" was done in Heenan Spark, while "doubles" were arranged in British Oxygen, David Charles, Berry Wiggins, Burmah Oil, British Land, Lubok, ICI, E. Bates, Dunlop and Charterhall Finance.

Industrials							
A. P. Cement	20	Grand Met.	9	Slater Walker	13	Mines	
Assoc. Leisure	[illegible]	G.U.S. "A"	20	Spillers	7	Anglo Amer.	60
Barclays	[illegible]	Guardian	20	Tesco	6	[illegible]	[illegible]
Beecham	[illegible]	[illegible]	[illegible]	Thorn "A"	[illegible]	[illegible]	[illegible]
Boots Drug	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bowaters	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.A.T.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Leyland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Oxygen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Burton "A"	[illegible]	[illegible]	[illegible]	Property		[illegible]	[illegible]
Cadbury	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Debenhams	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Distillers	15	Marks & Spencer	25	Peachey	7	Metals Explor.	8
Dunlop	6	Midland Bank	32	Town & City	6	Peko Wallsend	55
Eagle Star	16	Nat'l West Bank	30	Town & Comm.	7	Pres. Steyn	375
E.M.I.	20	P & O Dfd.	16			Rio T. Zinc	20
First National	4	Plessey	10	Oils		Welkom	55
G.R.A. Trust	7	R.H.M.	7	Brit. Petroleum	45	West Areas	75
Gen. Accident	16	Rank Org. "A"	25	Burmah Oil	6	Western M'ng.	15
Gen. Electric	14	Reed Int'l.	28	Shell	40	Zambia Copp.	10
Glaxo	40			Ultramar	21		

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (29)

COMMONWEALTH & AFRICAN LOANS (3)

Jamaica 7pc. '76-78 [illegible] Kenya [illegible]

AMERICANS (1)

Saul (R.) [illegible]

BUILDINGS (2)

Aberdeen Const. [illegible]

ELECTRICALS (1)

Dreamland

ENGINEERING (4)

Braithwaite [illegible] Dennis (J. H.) [illegible]

FOODS (1)

Alpine Soft Drinks

INDUSTRIALS (4)

Crosby Spring [illegible] Sealed Motor Feedex [illegible] Hepworth Ceramic [illegible] Renwick [illegible]

PROPERTY (1)

Sorec

TRUSTS (1)

Colonial Secs. Dfd. [illegible]

TEAS (1)

Assam Frontier [illegible]

MINES (3)

Jo'burg Cons. [illegible] Vereeniging [illegible] Bishopsgate [illegible]

NEW LOWS (7)

INDUSTRIALS (2)

Heenan Spark [illegible]

Metro Trust [illegible]

SHIPBUILDERS (1)

Harland & Wolff

OILS (1)

Burmah Warrants

MINES (1)

Poseidon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	5	8	76
Mines	65	26	60
Recent Issues	8	22	31
Totals	339	614	1,326

MONEY MARKET

Slightly weaker rates

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Short-term interest rates were slightly weaker in some cases in the London money market yesterday, with day-to-day credit once more in good supply. The one-month sterling certificate yield eased to 9¹¹⁄₁₆-9⁹⁄₁₆ per cent., from 9¾-9⅝ per cent., the three-month to 9⁹⁄₁₆-9⁷⁄₁₆ per cent., from 9⅝-9½ per cent., and the one-year to 10⅝-10½ per cent., from 10⅞-10¾ per cent. The authorities sold Treasury bills for the third day in succession, in order to absorb surplus funds, broadening their operations to include large sales to banks and Discount houses, from the moderate sales to Discount houses seen on each of the two previous days. In spite of the official bill sales, it seemed possible that banks carried on a certain surplus. Banks had brought forward a surplus from the previous day, while Government disbursements outweighed revenue transfers to the Exchequer and, there was a fall in the note circulation, but the market held faced a net take-up of Treasury bills, and the authorities held maturing local authority bills.

Discount houses paid 7-7½ per cent. for secured call loans in the earlier stages, but found later balances at levels as low in some cases as 5-5½ per cent., though a level of 7-7½ per cent. was reported in places towards the end. In the inter-bank market, overnight loans were in a range of about 6¾-7¼ per cent.

Rates in the table below are nominal in some cases.

June 18 1975	Sterling Certificates of deposit	Inter-bank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposits	Company deposits	Discount market deposits	Treasury bills ⊕	Bank bills ⊕	Fine trade bills ⊕
Overnight	—	6¾-7⅛	—	—	—	7-9⅛	5-7⅛	—	—	—
2 days notice	—	—	8¼-8⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	8-8¾	8½-8¾	—	9½-10	—	8-8½	—	—	—
One month	9⅞-9⅞	9-9⅛	8¾-9	10¼-9⅞	9¼-10	—	8¾-9	9⅛-9¼	9¼-9⅜	9¾-11
Two months	9⅞-9½	9⅞-9½	—	10¼-9⅞	10-10¼	—	9⅛-9¼	9⅛-9⅜	9⅛-9½	10-11
Three months	9⅞-9⅞	9⅞-9⅞	9⅛-9⅜	10¼-9⅞	10-10¼	—	9¼-9⅜	9⅝-9¾	9½	10-11
Six months	10-9⅞	9⅞-10	9⅞-10	10¼-9⅞	—	—	—	—	9¾-10	10¾-11¼
Nine months	10½-10¼	10¼-10⅜	—	10⅝-10¼	—	—	—	—	—	—
One year	10⅝-10⅞	10⅝-10¾	11⅛-11⅝	11½-11	—	—	—	—	—	—
Two years	—	—	12⅜-13	—	—	—	—	—	—	—

* Local Authority and finance houses seven days' notice; others seven days fixed. * Long-term local authority mortgage rate nominally three years 13½-13¾ per cent.; four years 14-14¼ per cent.; five years 14¼-14½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent. Approximate selling rates for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent. Finance House Base Rates (published by the Finance Houses Association): [illegible] per cent. Clearing Bank Deposit Rates for small sums at seven days' notice: 6½ per cent. Clearing Bank Base Rates for lending: 9½ per cent. Treasury Bills: Average tender rate of discount [illegible] per cent.

BASE LENDING RATES

A.F.I. International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	10 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	10½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%. 1-month deposit 6½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾%, and over £25,000 7¼%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

CORAL INDEX
Close 321-326

I.G. INDEX
GOLD 161½-164½

INSURANCE BASE RATES

† Atlantic Assurance	11¼%
Canpon Assurance	11¼%

† Address shown under Insurance and Property Bond Table.

AUTHORISED UNIT TRUSTS

[illegible]

(a)(g) G. and A. Un. Tst. Mgrs. Ltd.♥
5, Rayleigh Rd., Brentwood. (0277) 227300
G. & A.	22.3	23.9	-0.3	5.47

Gartmore Fund Managers♥
2, St. Mary Axe, EC3A 8BP. 01-283 3531
British Trust	32.6	35.1	-0.2	4.53
High Income Tst.	28.6	30.8	.....	11.73
(2)Overseas Tst.	24.7	26.6	-0.2	1.55

(a) The British Life Office Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271
BL British Life	38.4	40.8	.....	5.44
BL Balanced*	28.5	30.2	.....	4.95
BL Capital*	31.1	32.9	.....	5.37
BL Dividend*	26.7	28.2	.....	9.84

*Prices on June 18. Next dealing June 25.

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	15	.....	Gardner (L.)	60	...	Shiloh Spinn.	23	...
Ash Spinning	34	.....	Graig Ship. £1	470	...	Sindall (Wm.)	43	.....
Bertam	18	.....	Hallam Sleigh 10p	9	...	Vincent (H.)	83	...
Brady (G.) 'A'	51	.....	Higsons Brew	85	...	**IRISH**		
Bdg'wtr. Est. 50p	£125	.....	I.O.M. Stm. £1	118	.....			
Clover Croft	35	.....	Holt (Jos.) 25p	135	.....	Alliance Gas (£1)	51	...
Craig & Rose £1	312	.....	Kleen-e-Ze	30	.....	Carroll (P. J.)	112	...
Dundee Ice £1	295	.....	Lovell's Ship £1	130	.....	Clondalkin	59	...
Dyson (R.A.)	31	.....	N'thn. Goldsmith	67	+2	Concrete Prods.	72	.....
Ellis & McHdy.	57	.....	P.M.A.	40	+2	Goodbody (£1)	38	...
Evans Fr'k. 10p	30	.....	Pearce (C. H.)	60	...	Heiton (Hldgs.)	59	.....
Evered	13	.....	Peel Mills	18	...	Irish Distillers	56	...
Fife Forge	48	.....	Richards 10p	8	.....	Irish Wire	40	...
Finlay Pkg. 5p	16	.....	RobbCaledon5p	45	...	Jacob	49	-3
Frost & Reed 50p	90	.....	Sayers 12½p	8	-1	Sunbeam	13	.....
Gardiner & Sons	11½	.....	Sheff. Refrshmt.	150	.....	Unidare	68	.....

APPOINTMENTS

LEADERS AND LAGGARDS

The following table shows the percentage changes* which have taken place since December 31, 1974, in the principal equity sections of the F.T.-Actuaries Share Indices. It also contains the F.T. Gold Mines Index.

Contracting and Construction	+179.22	Consumer Goods (Non-Durable) Group	+105.33
Insurance (Brokers)	+162.15	Textiles	+104.76
Oil	+143.93	Consumer Goods (Durable) Gp.	+104.48
Merchant Banks, Issuing Houses	+140.91	Packaging and Paper	+103.99
Entertainment and Catering	+140.40	Motors and Distributors	+102.44
Banks	+140.39	Household Goods	+ 99.63
Insurance (Composite)	+135.32	Hire Purchase	+ 95.77
Newspapers and Publishing	+132.80	Machine Tools	+ 94.15
Food Retailing	+127.28	Wines and Spirits	+ 92.07
Insurance (Life)	+127.08	Property	+ 91.56
Financial Group	+125.36	Breweries	+ 85.39
Food Manufacturing	+125.23	Office Equipment	+ 83.84
Chemicals	+124.94	Toys and Games	+ 80.98
Engineering (General)	+118.81	Discount Houses	+ 71.05
Capital Goods Group	+117.81	Tins	+ 69.57
Investment Trusts	+117.76	Shipping	+ 60.90
All-Share Index	+116.06	Tobacco	+ 58.57
500 Share Index	+115.49	Rubbers	+ 47.52
Engineering	+115.37	Mining Finance	+ 47.09
Stores	+112.36	Teas	+ 24.76
Building Materials	+111.88	Coppers	+ 6.39
Industrial Group	+108.75	Gold Mines FT	+ 4.67
Electronics, Radio and TV	+107.74		
Electricals	+107.03		

* Percentage changes based on Tuesday, June 17, 1975 indices.

CLUBS

ART GALLERIES

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Trust Inv. Fnd.	US$12.69	-0.16	0.95

Net asset value June 17

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
CMT Ltd. May 28	£10.38	10.86	.....	—
Cv. Bd. June 17	US$9.16		+0.01	—
Engy. Int June 17	US$23.07		-0.08	—
Grsh. St. $Fd. Jn. 12	$US7.36		.....	—
TMT Ltd. May 8	£11.46	11.76	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.
World Wide Gth. Fd.	US$11.99	-0.04	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey yield. # Suspended. ☆ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

††BRITISH FUNDS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99½	90¼	Savings 3pc '65-75	99½	+⅛	3.03	9.34
99⅞	94	Exch 6½pc 1976	98½	.....	6.62	9.23
97¼	92	Treasury 6½pc 1976	97	+⅛	6.70	9.28
99	97	Victory 4pc 1976	99	.....	4.08	—
102	96⅞	Treasury 10½pc 1976	100	+¼	10.43	9.97
95	88⅞	Treasury 6¼pc 1977	94	+¼	6.60	9.62
92¼	86¼	Electric 3pc '74-77	92¼	+½	3.25	7.85
103	96⅞	Treasury 11½pc 1977	102⅛		11.26	10.36
88	84	Treasury 3pc 1977	87⅛xd	.....	3.44	9.05
89½	84⅛	Transport 4pc '72-77	88xd	+¼	4.52	9.28
96	90½	Treasury 9pc 1978	95	.....	9.43	10.93
100	96	Treasury 10½pc 1978	98xd	.....	10.62	10.97
87⅞	79	Exchequer 5pc '76-78	85	.....	5.85	10.35
103	94	Treasury 11½pc 1979	100	.....	11.40	11.39
79⅛	71	Treasury 3pc 1979	78	+¼	3.84	9.36
81	73⅞	Electric 4½pc '74-79	79	−¼	5.35	10.30
100	96	Treasury 10¼pc 1979	97		5.35	11.11
79⅞	71	Electric 3½pc '76-79	78	.....	4.49	9.75
95	84	Treasury 9pc 1980	92⅞	.....	9.69	10.95
95	95	Treasury 9½pc 1980	95	.....	10.00	10.84
79	68¼	Treasury 3½pc '77-80	75⅞	+½	4.63	9.78
84½	71	Funding 5¼pc '78-80	79¾xd	.....	6.59	10.57
		Five to Fifteen Years				
75½	66⅛	Treasury 3½pc '79-81	73½	+¼	4.84	10.02
91½	72⅞	Do 8¼pc '80-82	85¼xd	.....	9.90	11.64
104⅛	86⅞	Treasury 12pc 1982	102¼	.....	12.11	12.17
78	58	Funding 5½pc '82-84	70¼xd	.....	7.73	10.73
85¼	61⅞	Treasury 8¼pc '84-86	78xd	.....	10.83	12.07
73¼	51⅞	Funding 6½pc '85-87	67⅛	.....	9.81	11.86
76¼	53	Treasury 7¾pc '85-88	71¼	.....	11.28	12.82
46½	32⅞	Transport 3pc '78-88	41⅞xd	.....	7.15	11.85
55¼	39¼	Treasury 5pc '86-89	50⅞	.....	10.00	12.63
		Over Fifteen Years				
75½	53¼	Treasury 8¼pc '87-90	66⅝	.....	12.40	13.51

Undated

††INTERNATIONAL BANK

††CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 66¼% (based on $2.2710 per £)

CANADIANS

S.E. List Premium 66¼% (based on $2.3270 per £)

Conversion factor 0.3891 (0.3909)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
46	20	Johnson Clars.	33	−1	8.7	1.6	10.1	9.5
945	120	Johnson Mth. £1	268xd	−5	10.2	ϕ	5.9	ϕ
41	18	Judge Int.	29	−1	7.6	3.6	10.1	4.3
27	14½	Kalamazoo 10p	24	......	16.2	2.7	10.4	5.5
47	20	Kelsey Ind. 12½p.	38	......	d19¾	4.7	10.0	3.3
17	9	Kennedy Sm. 10p.	16	......	14.4	1.0	15.8	10.8
870	325	Kershaw (A.) 5p.	800	......	240.1	0.7	2.3	153
200	66	Kleeman	195	......	15.6	4.1	3.1	12.3
39	15	Kode Int.	28	−1	4.9	ϕ	6.8	ϕ
59	24	L.C.P. Hlds.	46	−1	11.2	2.3	9.3	6.9
21	11	L.K. Ind. Inv.	19	......	d7.8	ϕ	15.9	ϕ
30	13½	L.R.C. Int. 10p	29	−1	26.7	1.9	14.2	5.1
101	56	Lamson Inds.	83	+3	11	3.5	5.1	8.1
40	30	Lawtex	31	......	10.3	4.2	12.8	2.3
118	48	Lead Inds. 50p	109	......	9.4	5.9	6.6	3.9
40	17	Le Bas (Ed.)	30	......	5.5	ϕ	7.1	3.1
40	15	Leboff Fobel 10p.	36xd	......	10.3	ϕ	4.4	ϕ
43	19	Lebus Harris	36	......	8	0.2	8.6	—
21	12	Leigh (L.) 5p	21	......	14.7	5.8	5.4	4.9
71	35	Leisure Car. 10p.	69	......	44.2	ϕ	10.3	ϕ
160	59	Lep Group 10p	160	......	23.6	9.4	2.3	5.6
27	12	Lesney Prods. 5p.	19	......	15.5	7.0	6.4	2.9

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

NOTES

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £225 per annum for each security

FINANCIAL TIMES

Thursday June 19 1975

CBI Industry Bill line angers Left

BY JOHN HUNT

LABOUR *left-wingers* staged a bitter demonstration in the Commons yesterday to show the Prime Minister the sort of trouble he can expect if he makes changes in the Industry Bill along the lines suggested by the Confederation of British Industry.

CBI leaders will meet Mr. Eric Varley, the new Industry Secretary, *this morning* in a new attempt to win important concessions on the Bill.

Mr. Eric Heffer, who was in charge of the Bill as Minister of State for Industry until his sacking, issued a direct warning to Mr. Wilson and the cabinet. In harsh terms he said that if there were any *fundamental* amendments inspired by the CBI then he and his colleagues would fight them right the way through until they were removed from the statute book.

As a warning gesture, six Left wingers supported by *two tellers* then voted against a Government motion allowing three days for Commons discussion on the report stage and third reading of the *controversial* Bill which introduces planning agreements and establishes *the National* Enterprise Board. The Government motion was passed by a majority of 179 (185-6).

The Conservatives were also furious at the way the Government had treated the Commons by *considering the possibility of* radical changes in spite of the fact that MPs had spent three months giving the Bill a full scrutiny in Committee. A Tory amendment seeking to extend the *time for further* Commons consideration to four days was defeated by a Government majority of 30 (192—162).

Veteran Left-winger Mr. Ian Mikardo was even more scathing than Mr. Heffer. He said the original Bill was "now as dead as the dodo" and declared himself totally suspicious of what the Government was getting up to.

He predicted that in effect *an entirely new* Bill was *now* being produced and that the NEB would merely be a holding company for British Leyland.

Making his first Commons appearance as the new Under-Secretary for Industry, Mr. Gerald *Kaufman*, assured *his* back bench critics "There *is going to be no* emasculation of the Bill."

According to Whitehall, the first indication of any changes will come when the amendments appear on the Commons order paper. This will have to be in *the next few days, as it is* intended to introduce the report stage next week.

But it seems likely that some MPs will receive an earlier notification of amendments. Mr. Kaufman promised yesterday that they will have plenty of time to consider the amendments *before they are debated in the* Commons. He promised to fulfil the undertaking of Mr. Anthony Wedgwood Benn, the former Industry Secretary, to inform each member of the standing committee through the post of any changes.

Harold Bolter writes: Sir Ralph Bateman, the CBI's president, *made it clear last night* that the Confederation's members remain "very angry and extremely concerned" that so many uncertainties still surround the Bill.

What really irritates the CBI is that although the Confederation first outlined its main *objections to the Bill* six months ago, the Prime Minister emphasised only two days ago that the Government has still not made up its mind whether there should be significant changes or not.

On several occasions the CBI's leaders *have* left discussions with Ministers with the impression that important amendments were about to be approved, only to have their hopes dashed.

John Elliott writes: TUC leaders yesterday urged the Prime Minister at an 80-minute meeting in Downing Street not to relax the disclosure of information provisions of the Industry Bill. They are concerned that indications given by Mr. Wilson on Tuesday in the Commons, and when he met the CBI in Downing Street, about his wish for voluntary rather than statutory enforcement might lead to a significant watering down of the disclosure measures.

Parliament, Page 20

Voluntary incomes restraint must be effective—Wilson

BY JOHN BOURNE, LOBBY EDITOR

THE PRIME MINISTER to-day *warns the Labour Party* that any new voluntary system of incomes restraint must apply to all incomes and be effective. He also implies that the system must be seen to be effective.

The warning comes in his message of support to Mr. Joe Stanyer, Labour candidate for next *Thursday's* Woolwich West Parliamentary by-election.

The message also contains a hint of Mr. Wilson's reluctant alternative to an effective voluntary policy. He writes: "We must pay our way at home and we *must pay our* way *abroad* . . . When a nation which has not been paying its way, stops living on money borrowed abroad it means harsher and unpopular measures.

Wait and see

"But where tax increases have been inevitable, we have made the taxes lighter for the *lower paid.*

"I urge the voters of West Woolwich to turn out in strength to support the Government in its determination to overcome the economic recession which we inherited."

Mr. Denis Healey, Chancellor of the Exchequer, who is by no *means completely* committed yet to the idea that an effective system of voluntary wage restraint can be evolved, is understood to be as convinced as Mr. Wilson that Tuesday's decision of the annual conference of the AUEW—although not unexpected—makes the achievement of a credible TUC system of restraint more difficult.

But Mr. Healey is still determined to wait and see what the TUC general council decides next Wednesday about a new and more stringent framework of wage *guidelines*, before considering what economic proposals the Treasury should produce in the event of the TUC package being unacceptable to the Government.

At the moment, Government thinking is still very fluid and it has not sorted out its ideas on alternative measures to whatever the TUC may produce.

Mr. Michael Foot, the Employment Secretary, is dedicated to a voluntary policy come *what may*, but a minority of Cabinet Ministers believe that some statutory system of restraint will have to be introduced in the end.

Mrs. Shirley Williams, Secretary for Prices and Consumer Protection *is still* convinced that some form of restraint based on taxing *excessive* wage increases is practical in spite of warnings that the Inland Revenue and the Treasury would be unable to cope with its administrative difficulties.

THE LEX COLUMN

Last exit from Leyland

Index fell 4.6 to 326.0

British Leyland's circular to its shareholders makes it plain that their choice lies between accepting the scheme of arrangement, or effectively putting the company into liquidation. In the latter event, the deficit would almost certainly be well in excess of £100m. Short-term borrowings had soared to £250m. by mid-May, and there is another £111m. of loan capital to set against shareholders' funds which are in the books at a very notional £200m. or so. Working backwards from Ryder's projections, it does not look as though the company will do much better than break even in the second half of the year to September, following attributable *losses* of £43m. in the first six months.

In the circumstances, there was never any real chance that the Board could secure more than 10p per share. And there is no reason to think that rejecting the scheme will have any long-term impact on the Government's plans for Leyland. The scheme needs to be approved by 75 per cent. of the votes *cast*, which should be no problem: it also needs to get a simple majority among those voting, so shareholders cannot afford simply to do nothing.

Although Ordinary shareholders *can stay* with the company if they want, the rational move *is, of course*, to take the money. This is not evasion, it *is just a recognition of the fact* that in future Leyland will be a battle-ground *exclusively for* the Government and the unions. Holders of the 7½ per cent. Convertible, however, should sit it out.

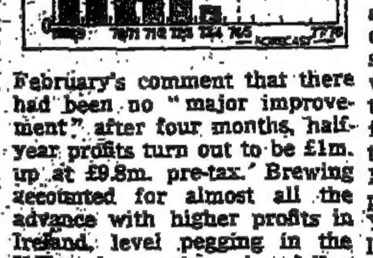
Brewers

The Whitbread and Guinness results left the market plenty to consider about the relative merits of brewers with a big retailing side as well as production interests. Thus Whitbread followed the disappointing Bass lead—it did not fulfil its interim hopes of recouping the 23 per cent. first half downturn later in the year. In the event, the second half profits fell by nearly 6 per cent. giving a £4.7m. pre-tax drop for the full year to £21.45m.

The group blames the familiar inflationary pressures and shortages of containers — costing £1.3m. — while net interest payments rose from £4.8m. to £7.56m. This reflects a £32m. increase in total net borrowings to roughly £125m. However, a timely £115m. property revaluation has improved nominal gearing. Total shareholders' funds are now £248m.

This still leaves the question of where Whitbread will find the cash of £13m. or so needed if it goes ahead with any offer for Long John, especially as it has decided to cut back capital spending sharply. The shares have fallen since the news of a possible bid by 6p to 58p, while the yield is an above sector average 7.9 per cent., though there is support in the continuing good volume performance and the *forecast* of a recovery in profits.

Guinness, however, rose 6p to 142p yesterday since despite



February's comment that there had been no "major improvement" after four months, half-year profits turn out to be £1m. up at £9.8m. pre-tax. Brewing accounted for almost all the advance with higher profits in Ireland, level pegging in the U.K.—where volume has fallen slightly because of trading-down —but a sizeable gain overseas, especially in the Cameroons. These trends have been extended into the second half with the added benefit of price rises in Nigeria to life associates. So instead of talking about full-year profits "close" to last year's level, Guinness now believes there is a good chance of an improvement which, together with a yield of 7.8 per cent., suggests that yesterday's *re-rating could be taken further.*

See also Page 25

Cavenham

Cavenham's 1974-75 profits are down from £29½m. to a comparable £25m. pre-tax. But something close to £9m. has been written off against Grand Union in the U.S.—which is in for a full year against four months previously—and group profits for 1975-76 are forecast to show a "significant" improvement. Last year's blemishes arose in the U.K.—down a fifth to just over a third of trading profits—and France, *both of* which should begin to climb back on to a growth course during 1975-76. However, the U.S. operations are clearly the major prop to Cavenham's earnings confidence with Grand Union emerging from its provisions *against store closures,* investment losses and a decision to pull out *of trading stamps.*

Despite falling interest rates, *financing* costs appear to have risen steadily throughout 1974-75 but Cavenham's additional consolidations apparently explain this. And year-end borrowings are about £123m. net of £26m. cash, in comparison with tangible shareholders' funds of roughly £147m. Last year group depreciation and retentions matched capital spending of £28m. but net working capital rose by £10m.; and this year the group capital outlay is going to increase. The shares eased 7p to 127p yesterday for a four times covered yield of 4.7 per cent.; the market capitalisation is £103m.

See also Page 25

Croda/Midland

Anyone can make a mistake, and the Executive of the Takeover Panel has to take a lot of spot decisions which ideally would require time for careful thought. But the fact that the full Panel now appears to regret the go-ahead given by the Executive to the purchase by a pension fund of Midland-Yorkshire shares on the crucial last afternoon of the bid by Croda will not be of much comfort to the Midland Board. Still that battle was lost two weeks ago at the appeal; the Panel is now concerned to prevent any repetition pending the redrafted Code later this year.

The difficulty arose largely because the same partner of Messel who dealt with Croda and Warburgs (and thus knew the situation on acceptances) also dealt for the investment client. He could thus be said to be acting on privileged information, for the whole basis of the particular purchase was that it was certain it would make the offer go unconditional. But the Executive, fully informed at the time, did not see the deal as breaching the concert party rules now described as "somewhat equivocal" in their application to this case.

Campbell Adamson to quit CBI post

By Harold Bolter
Industrial Editor

MR. CAMPBELL ADAMSON is to give up his post as director-general of the Confederation of British Industry in 12 months' *time. He made the announc*ement at yesterday's meeting of the CBI Council.

A successor has not yet been sought for Mr. Adamson, who is believed to earn around £25,000 a year at the CBI, and Mr. Adamson himself has no definite plans for the future.

It seems likely, however, that he will return to industry, rather *than take up a new appointment* in a field associated with Government-industry relations. He has no intention of entering politics like his predecessor at the CBI, Mr. John Davies.

Mr. Adamson also made it clear last night that his decision to leave the confederation was *not influenced in any way by* the controversy over his leadership since he made a critical remark about the Industrial Relations Act during the run-up to the February, 1974, General Election.

Mr. Edward Heath and other leading Conservatives put part of *the blame for the Tory Party's* election defeat on that statement, and he has still not lived it down entirely.

In fact, Mr. Adamson told Sir Ralph Bateman just over two years ago that he intended to give up his appointment as director general around the time Sir Ralph *completed his own* term of office as president. This will be next June.

"I have always felt and have indeed said so from time to time over the years, that a period of office as your director general of some five to seven years is the right one for a number of *reasons,"* he told CBI Council members yesterday.

ICI warns of total closure as strike shuts key plant

BY CHRISTIAN TYLER, LABOUR STAFF

IMPERIAL CHEMICAL Industries yesterday shut down its biggest manufacturing complex because of a pay strike, and has *warned that virtually* all the company's operations could be halted within a matter of weeks unless the dispute is settled.

The closure of the petrochemical complex at Wilton on Teesside has serious implications for ICI's manufacture of plastics and man-made fibres. Other *divisions supplied with base* chemicals from Wilton would be affected.

The warning of severe repercussions elsewhere in the ICI empire was made privately to senior trade union officials just before Wilton was shut down.

Publicly, the company says it is *too early to assess the effects*, but a spokesman estimated that even if the unofficial strike by 9,000 workers ended immediately, it would take a week for Wilton to return to normal. Some parts of the plant are being kept on standby for quicker recovery.

But a night-and-day picket of the Wilton complex is unlikely *to be lifted before Monday*, when union negotiators meet management in London to demand improvement on ICI's company-wide offer of 26 per cent. pay rises.

This will be the first official notification that union branches representing 57,000 ICI manual workers in Britain have rejected cash offers worth between £10 *and £13.75 a week on basic rates.*

Unofficial industrial action against the offer is also being made elsewhere. At nearby Billingham plant manufacturing fertilisers, 1,700 maintenance men from the craft unions are *also on strike and 4,000* production workers are banning overtime.

Production at Doncaster, one of ICI's four fibres plants, has been halted since Monday because of a strike by 250 craftsmen. A handful of craftsmen are out at a dyestuffs factory at Trafford Park, Manchester, but production is unaffected.

At Wilton, the core of the company's operations, the strike is spearheaded by 2,000 *craftsmen who walked out last* Thursday complaining that the company-wide offer failed to restore their pay relativities with production men.

The production men, mainly members of the Transport and General Workers' Union, walked out on Tuesday when the pay of 100 vital delivery drivers was stopped. The drivers had *refused to cross the craftsmen's* picket line.

The craftsmen are demanding a rate of £63.24 a week, compared with the £12.51 increase offered to give £59.30. They say their case has been clouded by the flat-rate claim put forward by the general workers.

Panel is unhappy on Croda deal

By Nicholas Leslie

THE FULL City Takeover Panel's ruling on circumstances surrounding the final hours of Croda International's bid for Midland Yorkshire Holdings, the chemicals and tar distilling group, strongly suggests that it feels the Panel executive decided wrongly to allow certain share purchases by a Croda investor which led to Croda winning control of MYH.

On May 30, when Croda claimed control of 50.11 per cent. of MYH's shares, the MYH Board —which had been strongly resisting Croda—appealed for a Panel inquiring into certain share dealings in the closing hours of the offer. Following representations by parties involved, the Panel stated last week that it would not take any action.

The statement yesterday relates how, on May 27, Hill Samuel, MYH's advisers, informed the Panel executive that L. Messel, brokers to Croda, had informed MYH shareholders that it had an investment client who might be prepared to pay considerably in excess of Croda's cash offer for their shares.

The next day, Messel sought clearance from the Panel executive for such purchases to be made by its client without the client (who has not been named) being ruled to be acting in concert with Croda. This could have led to Croda being required to raise its cash offer.

The Panel executive decided the Messel client was not acting in concert with Croda and at 1.30 p.m. on May 30 Messel bought 2,900 MYH shares (0.12 per cent. of the equity) on behalf of the client who then accepted *the Croda offer as a cheap way* into the company.

The full Panel says in its statement that while recognising the force and even merit of the argument that Messel's investment client—who was being advised by the same partner as Croda—should be deemed to be acting in concert with Croda over the shares, it feels the Code is "somewhat equivocal" over parties acting in concert. It has decided "in all the circumstances" and having regard to the Panel executive having been fully informed that it would "not be equitable to upset the ruling of the executive, and to *hold that a concert party situation had arisen."*

Having supported the Panel executive on its decision, however, the full Panel goes on to state that the decision should not be regarded as a precedent in other cases not presenting identical features.

"On the contrary, the Panel wishes to make it clear that where associates of an offeror or offeree, acting with the advantage of information which they have received in that capacity and which has not been made generally public, solicit investment clients or third parties with a view to affecting the result of the offer, both they and those whom they solicit may be at risk of being held concert parties within the meaning of the Code."

Dramatic improvement in U.S. balance of payments

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 18.

THE U.S. balance of payments improved dramatically during the first quarter of this year—though largely as a result of a *sharp fall in* imports caused by the recession and a decline in long-term investment overseas.

To-day, the Commerce Department announced a record swing in the so-called basic balance (current account, plus long-term capital movement) *from* a $1.6bn. deficit in the last quarter of 1974 to a deficit of only $475m. in the opening three months of this year.

A major turnabout occurred in the merchandise trade account, which moved from a deficit of $1.45bn. to a surplus of $1.84bn. However, while exports rose slightly *from $26.5bn.* to $27.7bn., most of the improvement came from a fall in imports from $28bn. to $25.3bn. that reflected the domestic recession.

Lower oil industry profits helped reduce the surplus on net *investment income from $2.5bn.* to $1.3bn. and, with little change in other overseas grants and remittances, the current account was left with a surplus of $2.1bn., as compared to a small deficit of $169m. in the final quarter of *last year.*

Increased prepayments for military equipment by oil exporting and other Middle Eastern countries, reduced net Government capital outflows, while the net outflow of private long-term capital fell dramatically *from* $5.5bn. to $2.1bn. As a result, the overall balance on current and long-term capital account put up its best performance since the $1.6bn. surplus recorded in the first quarter of 1974.

The sharp decline in net private long-term capital outflows included a fall in direct U.S. overseas investment from $2.2bn. to $900m. and a shift of $1bn. in foreign investment in America to a net inflow of $300m. Both these changes largely reflected transactions by the petroleum industry.

In addition, net U.S. purchases of foreign securities rose $1.3bn. to $2bn. though this change was offset by a swing from net foreign sales of U.S. securities to net *purchases worth $600m.*

Although the U.S. current account is now firmly in surplus, it was in deficit $3.6bn. last year after a small surplus of $335m. in *1973*. The broader balance on current and long-term capital account recorded a *deficit* of $10.9bn. in 1974 and of $977m. in the previous year.

Editorial comment, Page 22

Weather

U.K. TO-DAY

SHOWERS, cloudy and bright *intervals.*

London, S.E. England, E. Anglia
Sunny, some rain later. Wind S.W., moderate. Max. 23C (73F).

Midlands, Cent. N. and S. and E. England, Channel Is.
Cloudy, rain, brighter later. Wind S.W., moderate. Max. 22C (72F).

S.W. England and S. Wales
Cloudy, some drizzle, brighter later. Wind S.W., fresh. Max. 21C (70F).

N. Wales, N.W. England, Lakes, I. of Man, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, Argyll, N. Ireland
Sunny, scattered showers. Wind S.W., moderate. Max. 17C (63F).

N.E. England and Borders
Cloudy, sunny and scattered showers. *Wind S.W., moderate.* Max. 18C (64F).

N.E., N.W. Scotland
Cloudy, sunny showers. Wind W., moderate. Max. 15C (59F).

Orkney, Shetland:
Cloudy, sunny, showers. Wind S. Max. 14C (57F).

Outlook—Showers in N., rain in S.E. becoming mainly dry.

Lighting-up: London 20.20, Manchester 20.41, Glasgow 21.06, Belfast 21.03.

Pollen count: 242, very high. Forecast: similar.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	32	90	Luxembg.	C	13	55
Amsterdm.	S	18	64	Madrid	S	23	73
Athens	S	28	82	Manchstr.	R	16	61
Bahrain	S	35	95	Melbourne	Fg	7	45
Barcelona	D	18	64	Mexico C.	S	23	73
Belfast	C	16	61	Milan	S	24	75
Belgrade	F	25	77	Montreal	C	22	72
Berlin	F	22	72	Moscow	S	28	82
Birmghm.	C	17	63	Munich	R	10	50
Bristol	C	17	63	Newcastle	C	15	59
Brussels	C	16	61	Oslo	S	18	64
Budapest	T	17	63	Paris	F	18	64
B. Aires	S	20	68	Perth	F	17	63
Cairo	S	34	93	Prague	R	12	54
Cardiff	C	16	61	Reykjavik	F	12	54
Cologne	R	13	55	Rome	S	23	73
Copnhagn.	S	18	64	Singapore	S	30	86
Dublin	F	19	66	Stockholm	S	20	68
Edinburgh	C	16	61	Strasbourg	R	13	55
Frankfurt	R	14	57	Sydney	C	14	57
Geneva	F	14	57	Tel Aviv	S	27	81
Glasgow	D	13	55	Tokyo	R	27	81
Helsinki	F	21	70	Toronto	S	25	77
H. Kong	C	28	82	Vienna	C	17	63
Jo'burg	S	20	68	Warsaw	F	18	64
Lisbon	S	23	73	Zurich	C	11	52
London	S	20	[illegible]				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	21	70	Las Plms.	F	22	72
Algiers	S	25	77	Locarno	F	21	70
Biarritz	S	17	63	Luxor	S	38	100
Blackpool	C	14	57	Majorca	C	22	72
Bordeaux	F	19	66	Malaga	S	21	70
Boulogne	S	16	61	Malta	S	24	75
Casablnca.	S	21	70	Nairobi	S	21	68
Cape Tn.	C	18	64	Naples	F	23	73
Corfu	S	24	[illegible]	Nassau	C	30	86
Faro	S	23	73	Nice	S	22	72
Florence	S	23	73	Nicosia	S	28	82
Funchal	S	20	68	Oporto	S	19	66
Gibraltar	S	21	70	Rhodes	S	31	88
Guernsey	F	17	63	Salzburg	R	11	52
Innsbruck	C	12	54	Tangier	S	22	72
Inverness	C	16	61	Tenerife	F	18	64
I. of Man	C	14	57	Tunis	S	27	81
Istanbul	F	24	75	Valencia	F	22	72
Jersey	F	17	63	Venice	C	17	63

S—Sunny. D—Drizzle. Fg—Fog. F—Fine. C—Cloudy. T—Thunderstorm.

Labour lifts EEC boycott

BY RICHARD EVANS, LOBBY CORRESPONDENT

LABOUR MPs decided last night to end their boycott of the European Parliament by sending a selected delegation of 12 MPs and six peers to the next plenary session in Strasbourg from July 7-11.

The delegation will be chosen by Mr. Cledwyn Hughes, chair*man of the Parliamentary Labour* Party, and Mr. Robert Mellish, *the Government Chief Whip,* from MPs who apply to join. Names will be presented for approval to the party's liaison committee next Wednesday and to the PLP for ratification next Thursday.

The only conceivable upset could come when a motion on the delegation is tabled for debate in the Commons, but Ministers now have no doubt that Labour will be represented at *Strasbourg next month. The aim* remains to join the Socialist *group*, thus making it the largest group in the European Parliament.

Two back-benchers, Mr. Kevin MacNamara and Mr. John Prescott, advocated *postponing* the decision on whether to join the Socialist group or to remain independent but this suggestion was defeated.

It was a foregone conclusion that MPs would vote to end the boycott, and this they did with possibly one half-hearted vote against. But amid a welter of amendments it was less certain *that they would* agree to the selection of the delegation rather than its direct election by the PLP.

Mr. William Hamilton from the moderate Manifesto Group, and Mr. Bob Cryer from the Tribune Group both argued forcefully for election but Mr. Hamilton's amendment was defeated by 68 votes to 28.

But an amendment from Mr. George Cunningham that the *selected list would only become* effective when approved by the full PLP was accepted on the recommendation of the liaison committee, which forms the link between the Government and the back-benchers.

New coal sites approved

TWO OPEN-CAST mining projects which will yield over 1m. tons of coal have been approved by Derbyshire County Council. The NCB plans to produce 1m. tons from a site at Sutton Scarsdale and a further 100,000 tons from the site of the former Ramcroft Colliery.

هكذا من الكحول